



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Ag Markets and Outlook

Seth Meyer

Selected presentation for the International Agricultural Trade Research Consortium's (IATRC's) 2022 Annual Meeting: Transforming Global Value Chains, December 11-13, 2022, Clearwater Beach, FL.

Copyright 2022 by Seth Meyer. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Ag Markets and Outlook

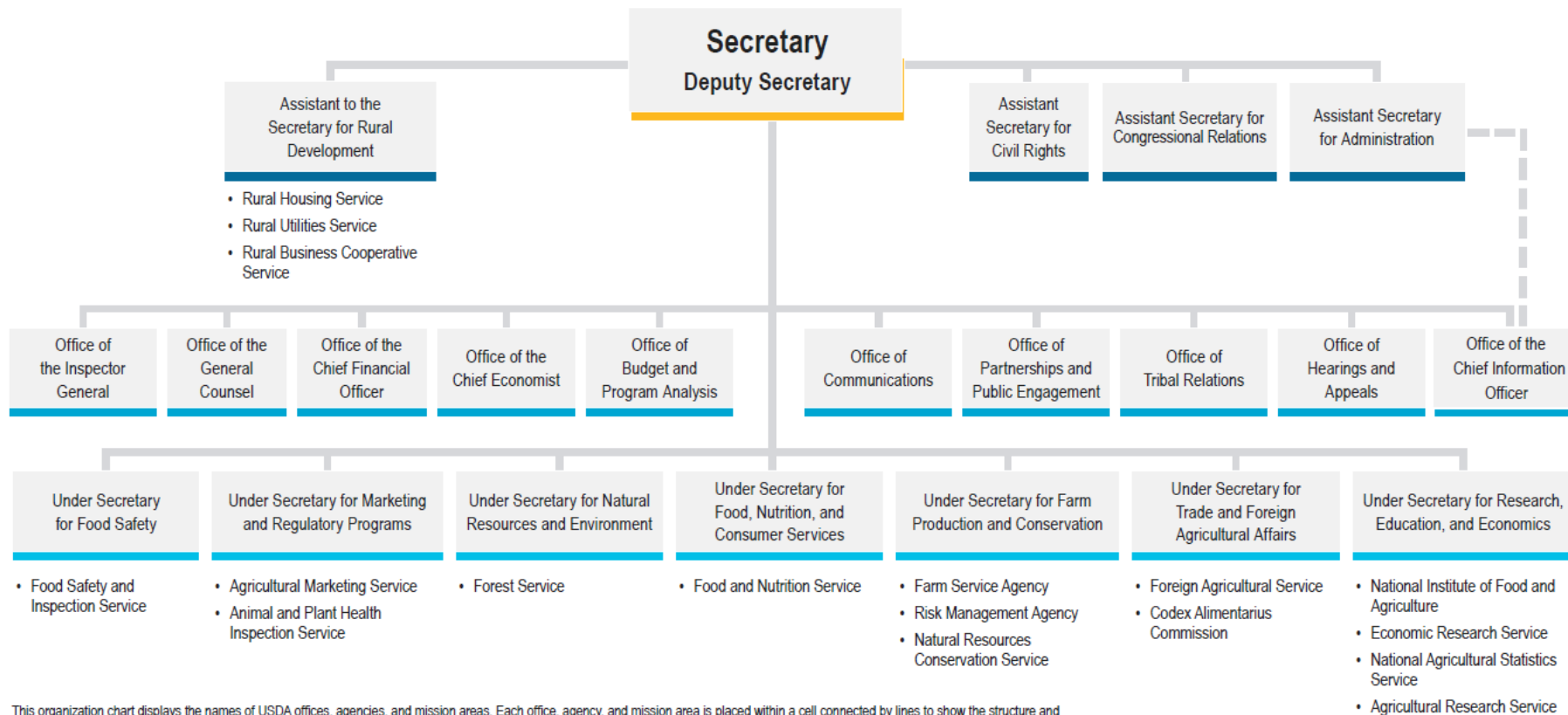
USA Rice

Seth Meyer
Chief Economist, USDA



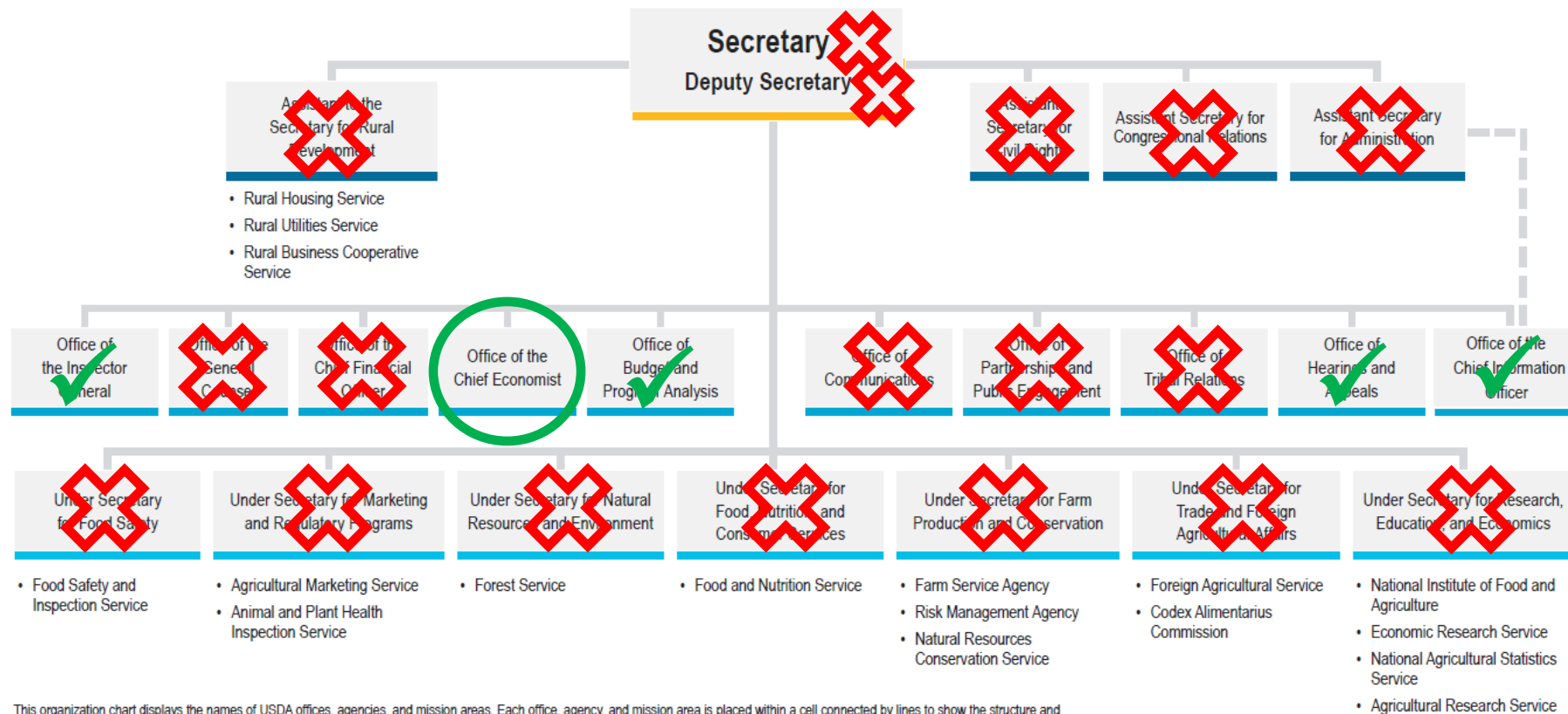
The Office of the Chief Economist is Non-political

USDA Organization Chart



The Office of the Chief Economist is Non-political

USDA Organization Chart



This organization chart displays the names of USDA offices, agencies, and mission areas. Each office, agency, and mission area is placed within a cell connected by lines to show the structure and hierarchy (Under Secretary, Deputy Secretary, or Secretary) for which they fall under. An HTML version that lists [USDA Agencies and Offices](#) and [USDA Mission Areas](#) is also available on [usda.gov](#).

The Office of the Chief Economist has wide-ranging responsibilities:

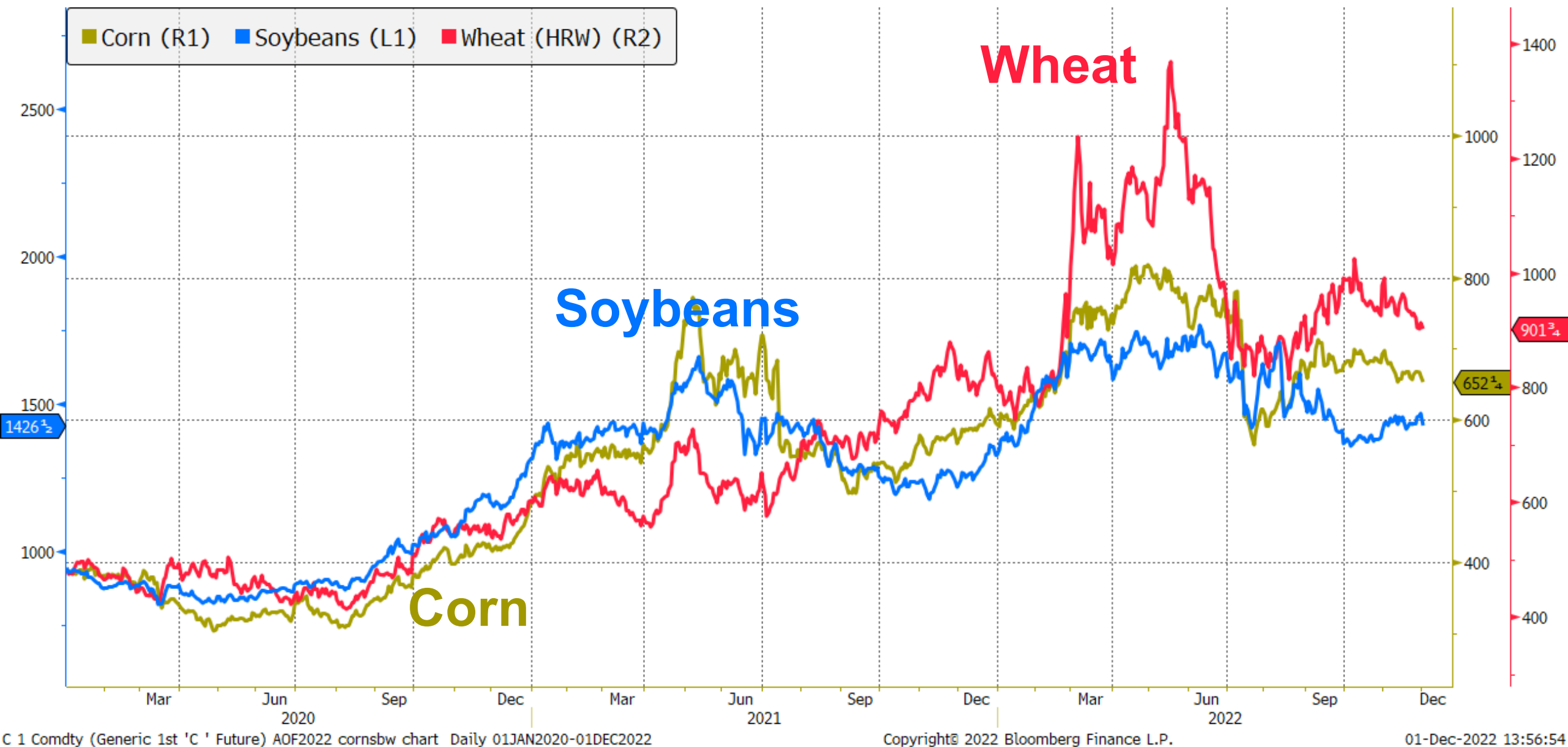
- OCE Immediate Office (IO)
 - Economic and policy analysis
 - Advise the Secretary on economic impacts of market developments, program changes, legislative proposals, trade initiatives, and agricultural labor issues
 - USDA sustainable development coordinator
 - USDA food loss and waste coordinator
- **World Agricultural Outlook Board (WAOB)**
 - Joint Ag Weather Facility (JAWF)

The Office of the Chief Economist has wide-ranging responsibilities (cont.):

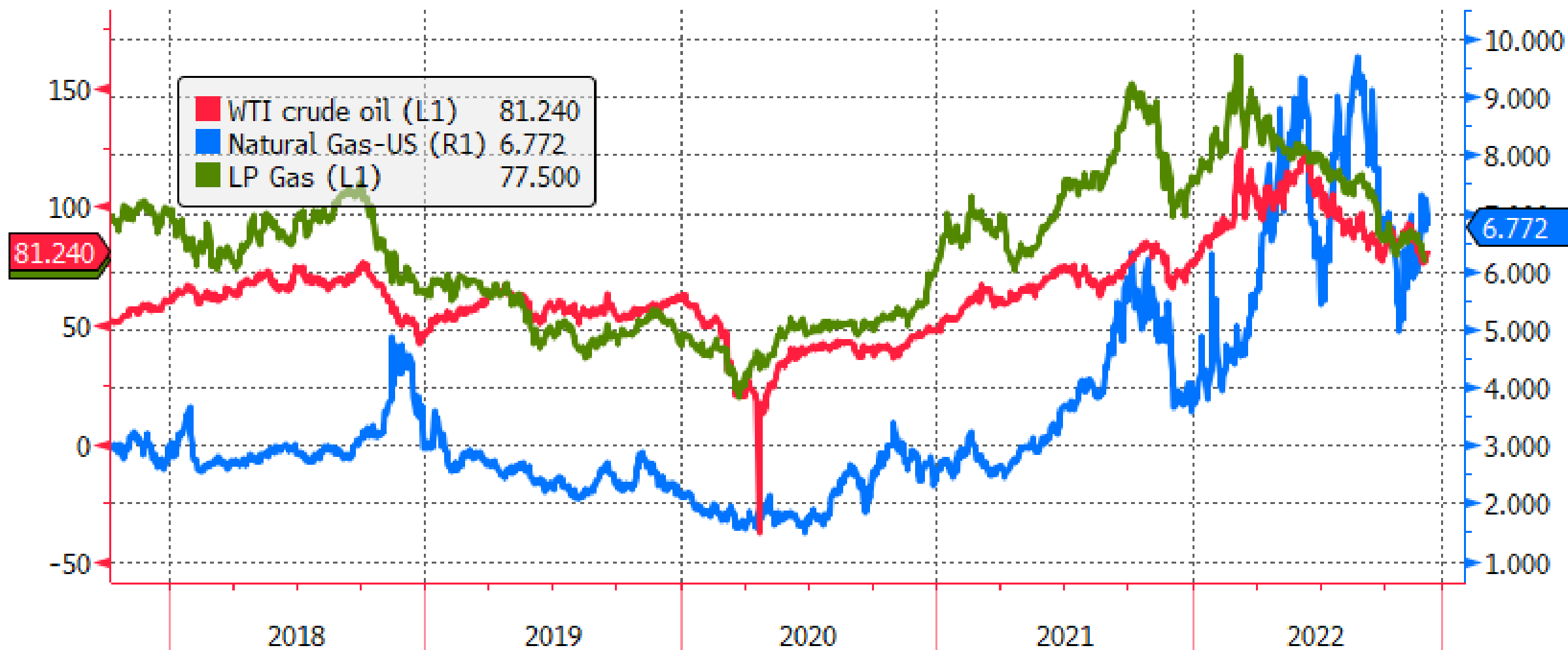
- Office of Pest Management Policy (OPMP)
 - USDA's Biotech Coordinator
- Office of Energy and Environmental Policy (OEEP)
 - Climate Change Program Office
 - Office of Energy and New Uses
 - Office of Environmental Markets
- Office of Risk Assessment and Cost-Benefit Analysis (ORACBA)

Current hot topics

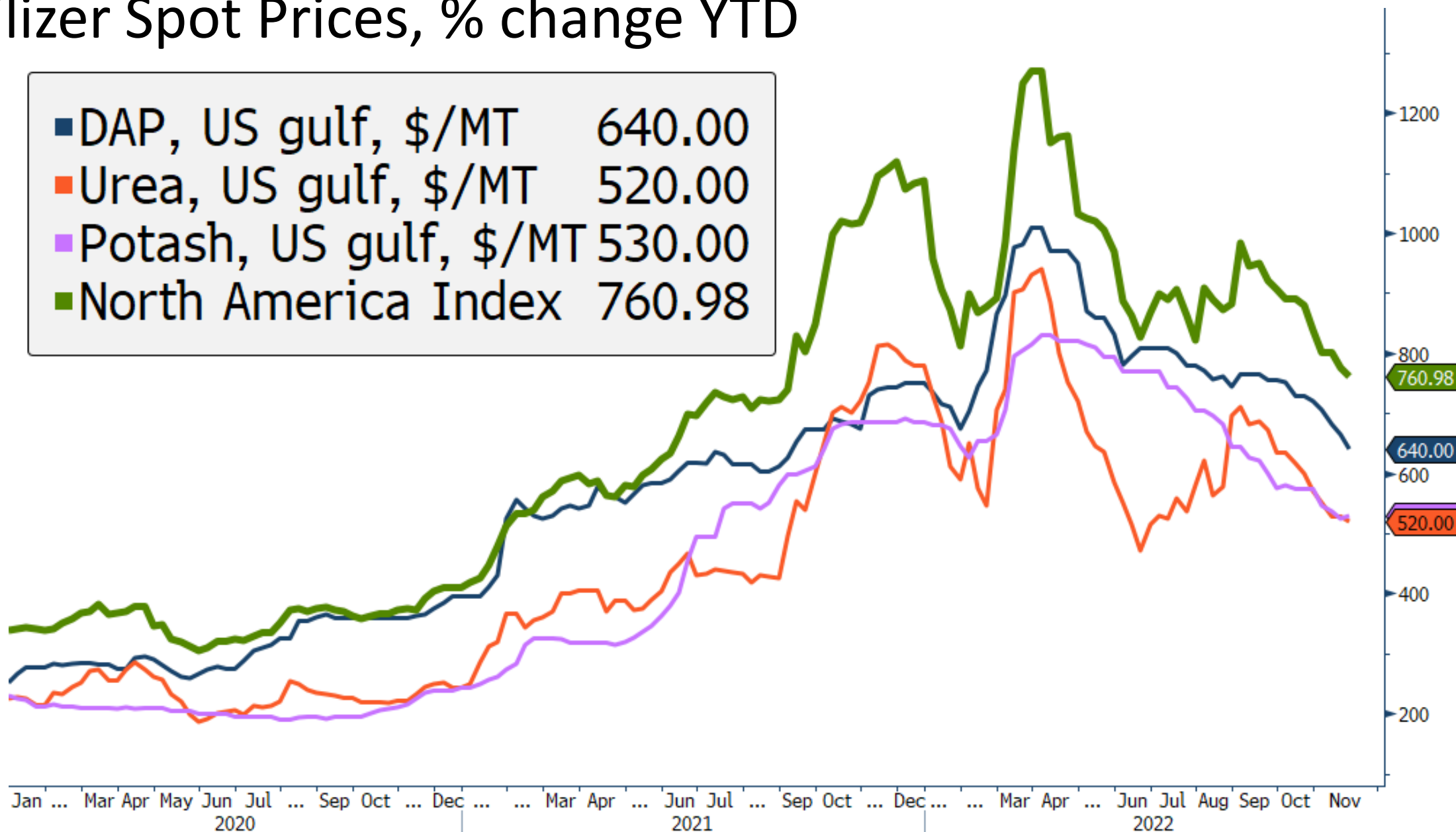
- High and volatile commodity prices
- Grain production and trade from Russia and Ukraine (Grain corridor, export friction, etc)
- Evaluating the 'next' harvest, wherever that may be in the world
- Supply Chain disruptions river, rail, etc
- Concentration, Competition, Resiliency, *they are not the same thing.*
- Domestic and international Fertilizer markets
- Climate Smart Commodities program
- Crop Insurance
- **Farm Bill**
- Food price inflation
- International food security
- Biofuels-Diesel Fuel
- Packers and Stockyards regulation
- Current policy proposals and their intersection with WTO
- The CCC (Commodity Credit Corporation).
- Trade with China
- Mexico GMO restrictions



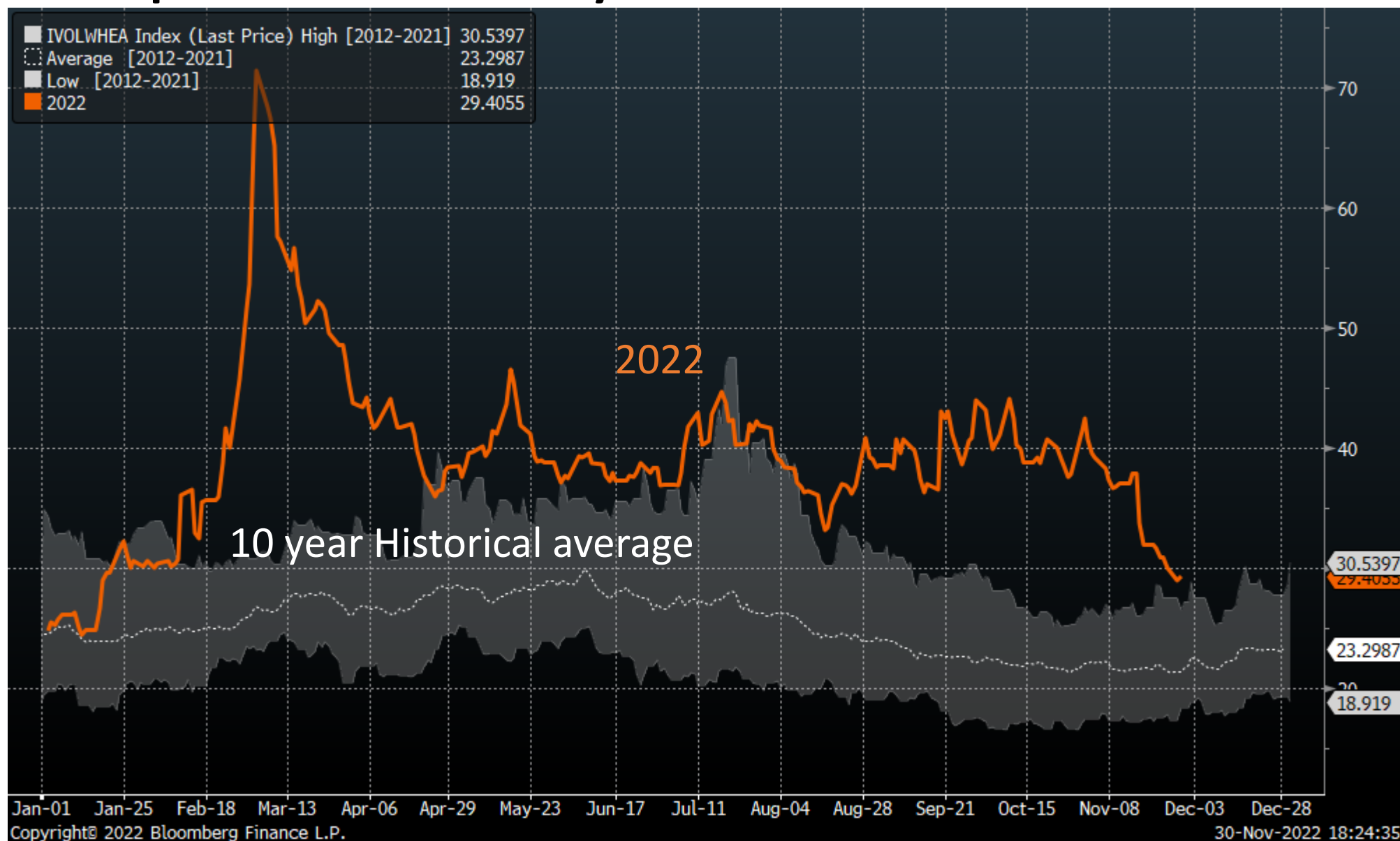
Energy prices



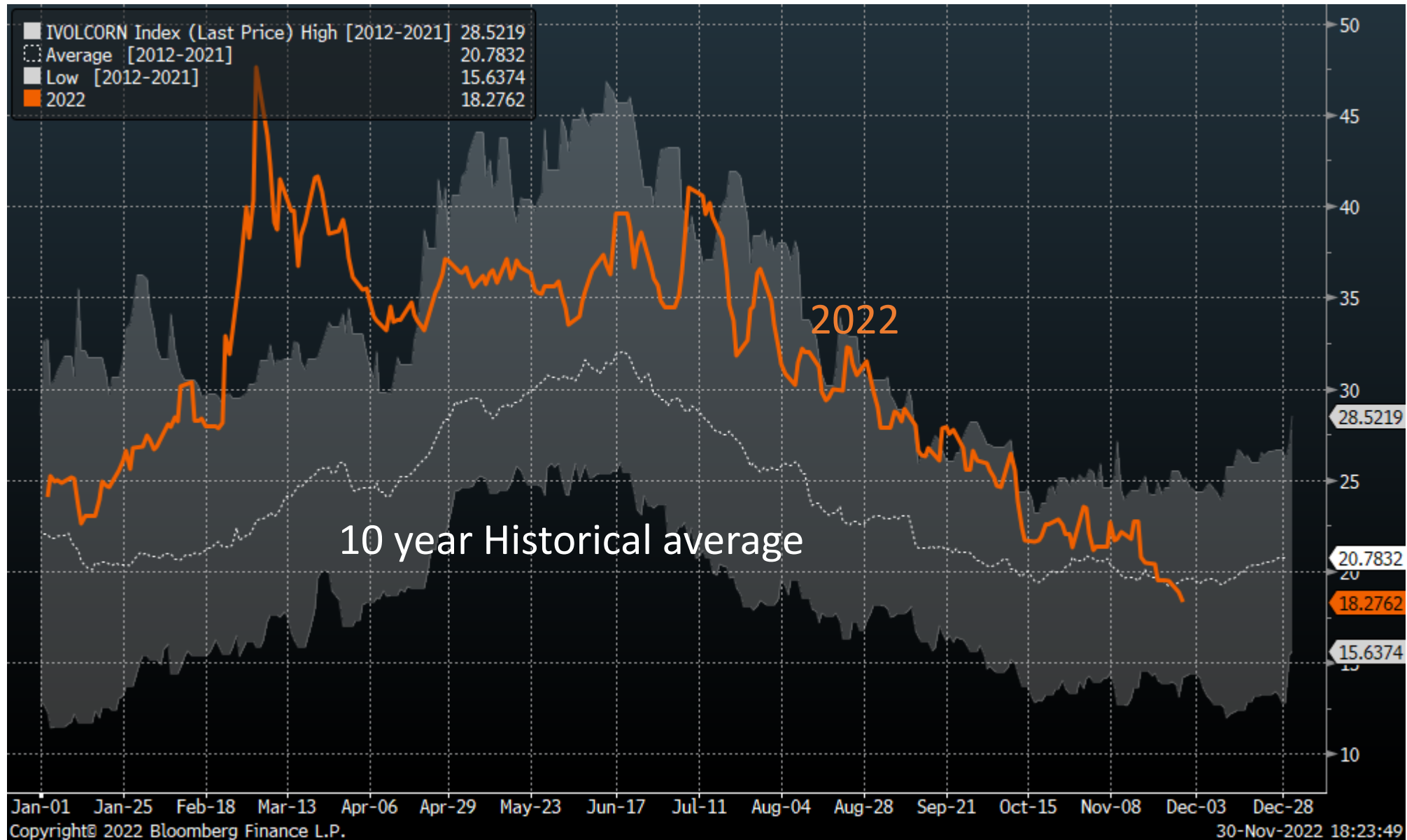
Fertilizer Spot Prices, % change YTD



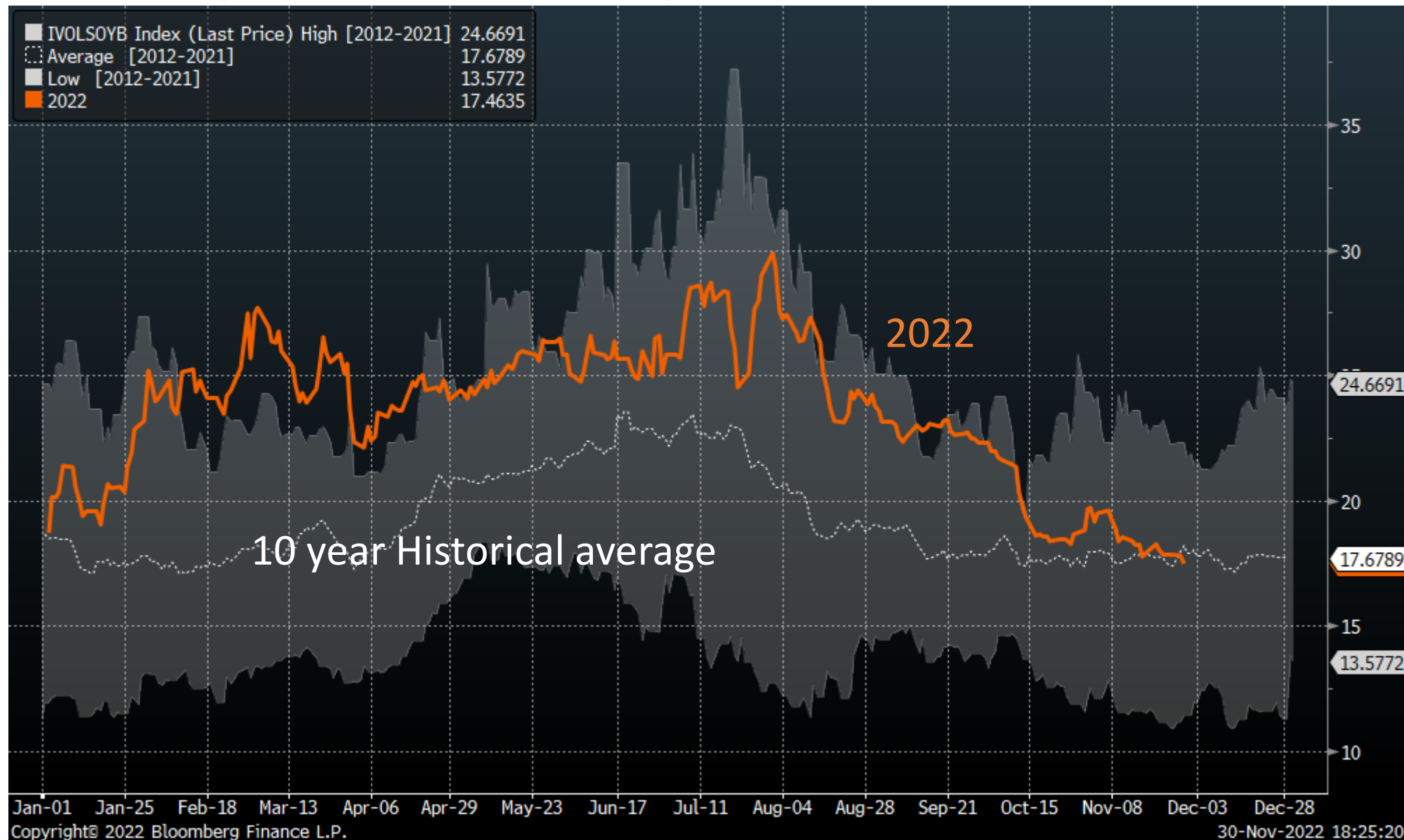
Wheat Implied Volatility



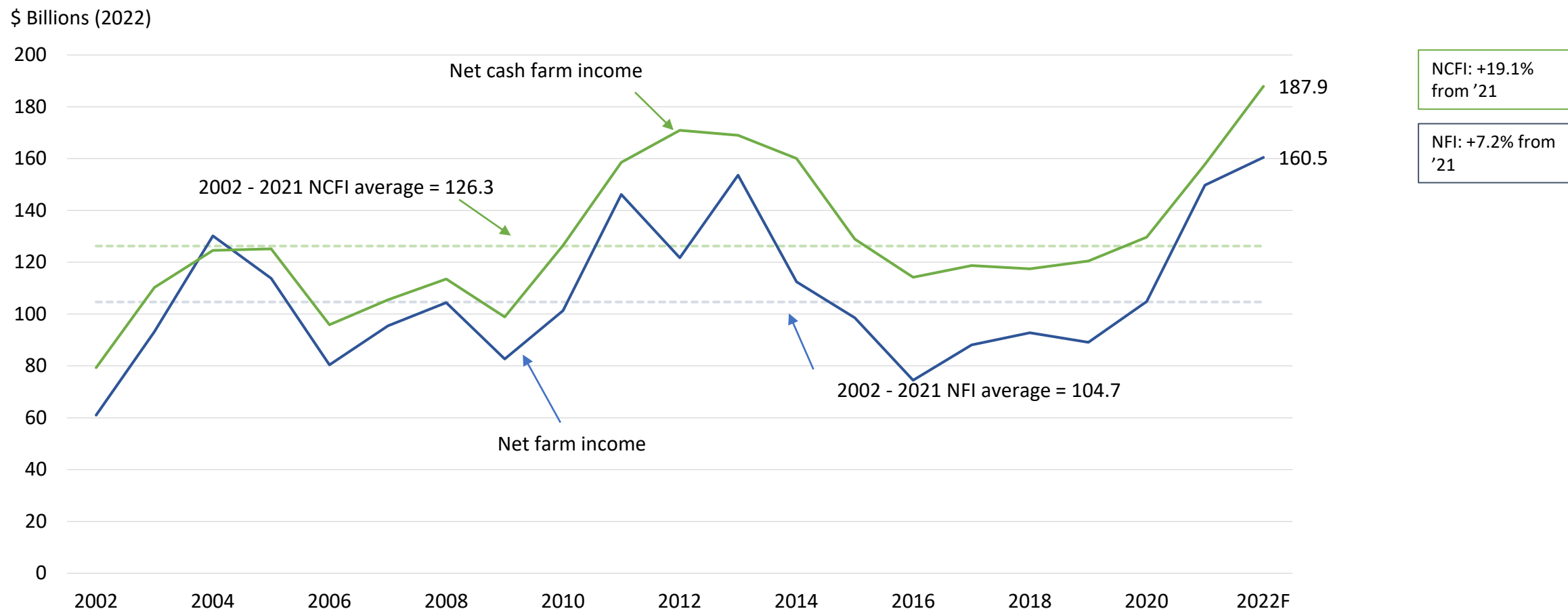
Corn Implied Volatility



Soybean Implied Volatility

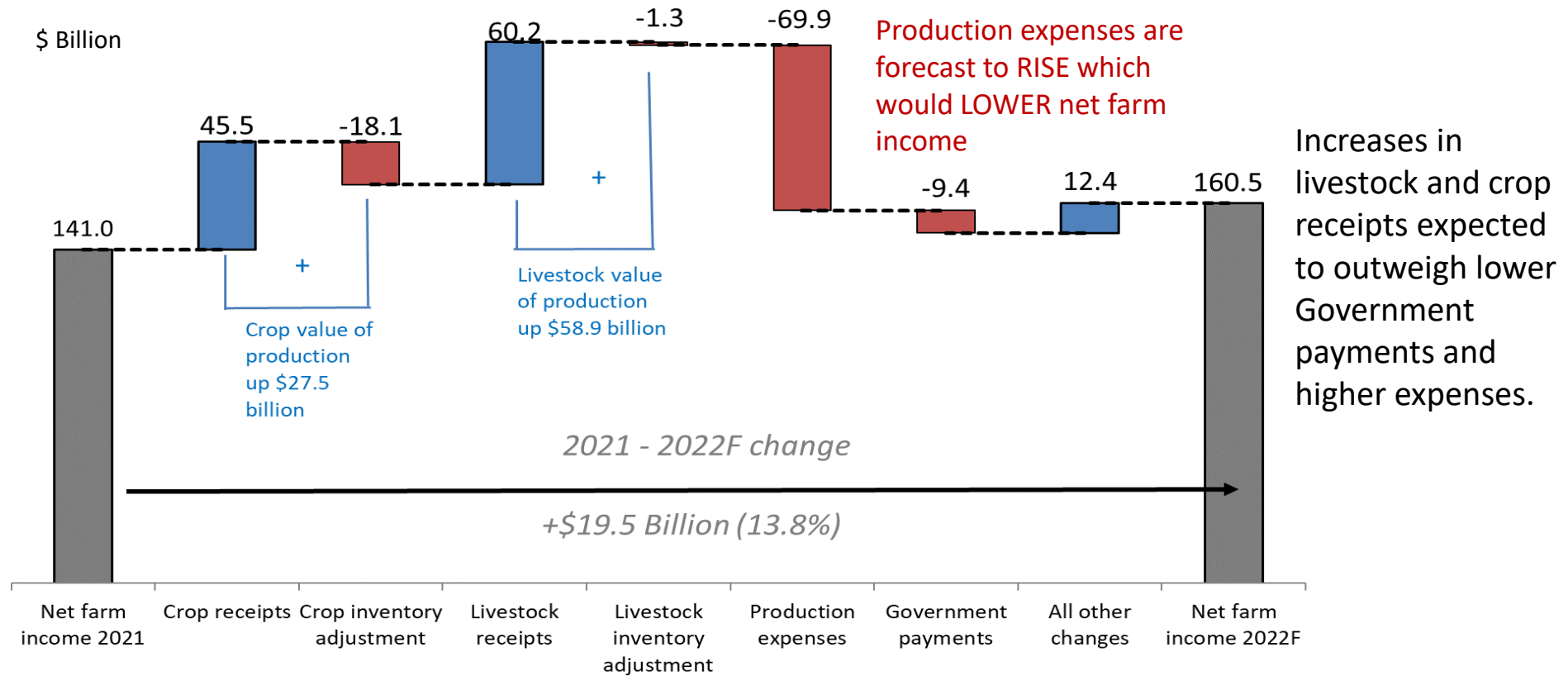


Farm sector profit forecasts at record highs in 2022



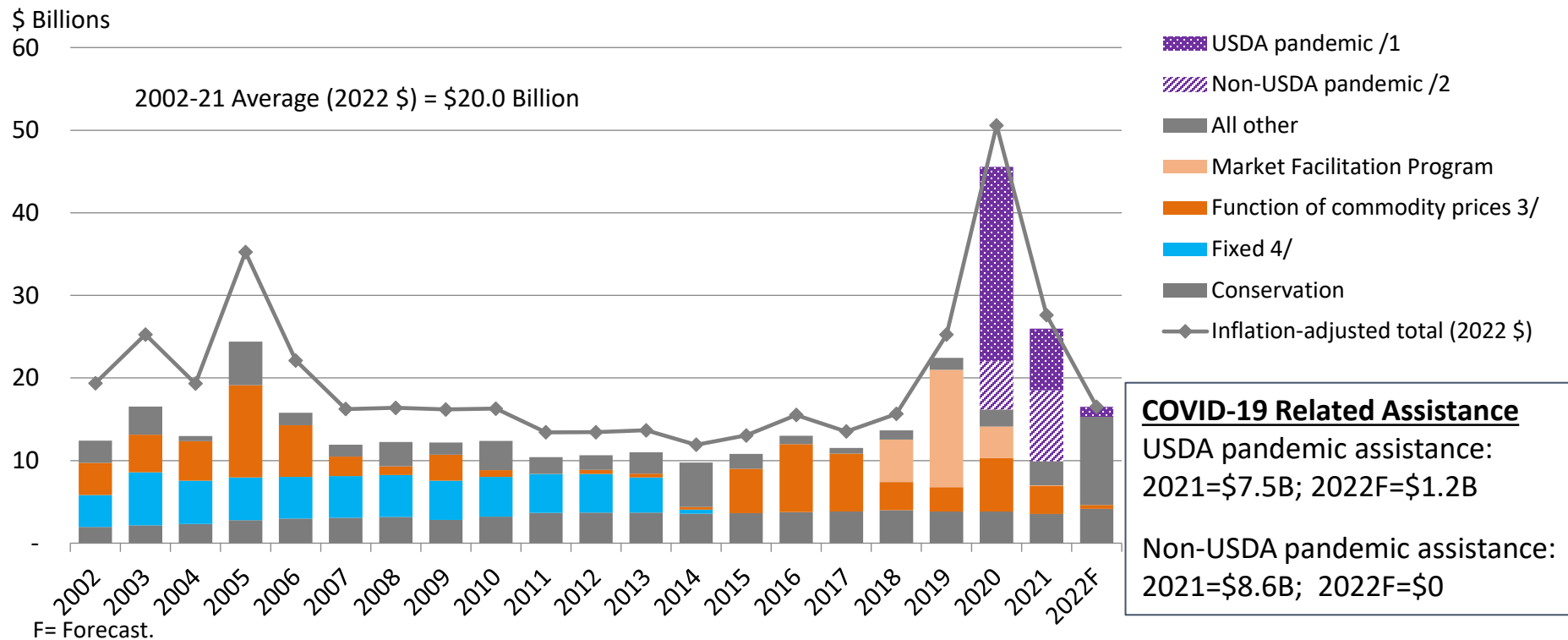
F= Forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2022 by USDA, Economic Research Service.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
 Data as of December 1, 2022.

Large increases in receipts and expenses forecast for 2022



F= Forecast. Component changes may not sum to total because of rounding.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
 Data as of December 1, 2022.

Total direct Government payments to farmers expected to decline in 2022



1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

2/ Includes loans from the Small Business Administration's Paycheck Protection Program.

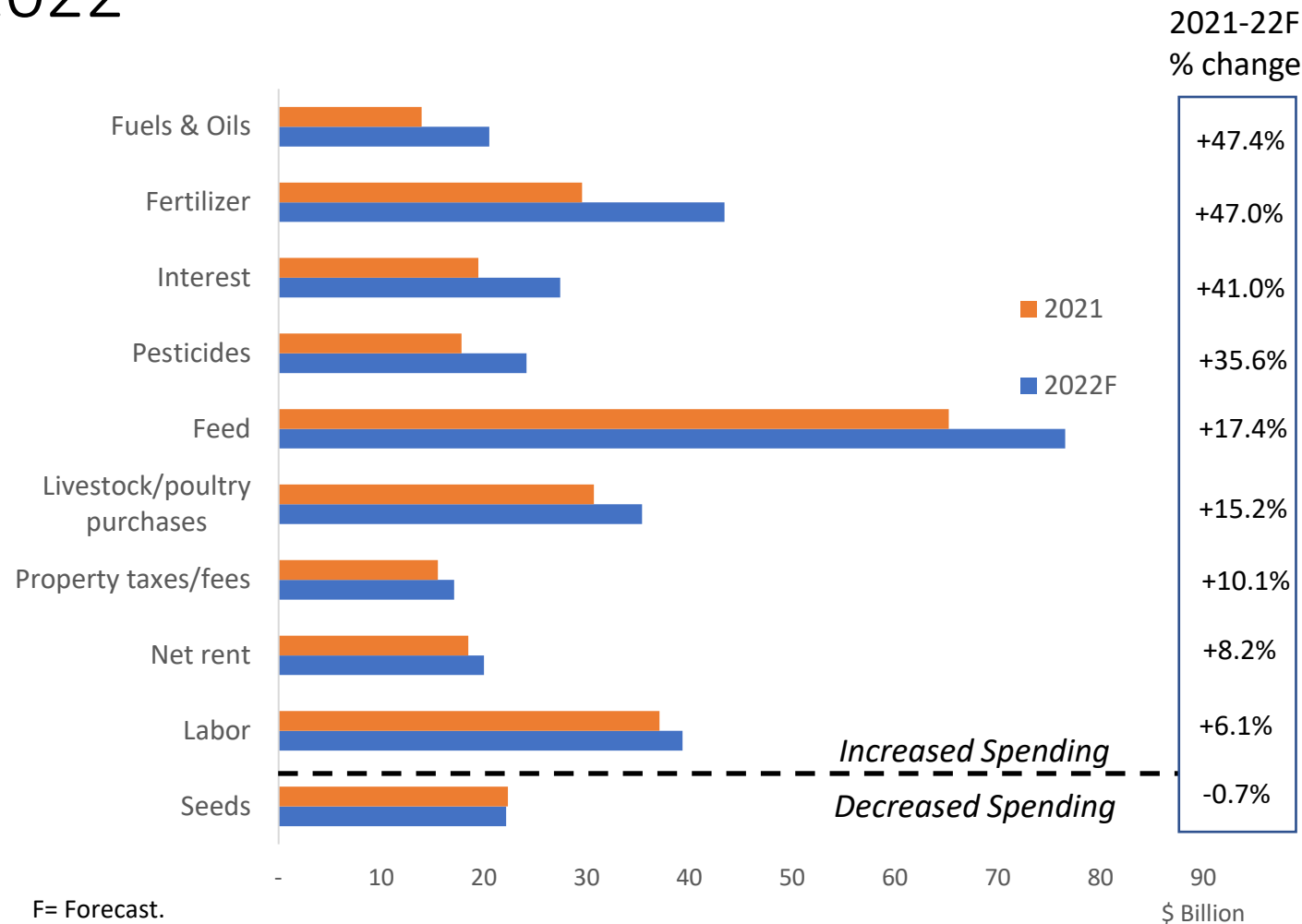
3/ Includes counter-cyclical payments, average crop revenue election (ACRE) payments, loan deficiency payments, marketing loan gains, certificate exchange gains, Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC), and dairy payments in which commodity payment rates vary with market prices.

4/ Fixed payments are through 2013 and cotton transition payments in 2014 whereby payment rates are fixed by legislation.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics (using data from FSA, NRCS, APHIS, CCC, SBA)

Data as of December 1, 2022.

Almost all individual expense items forecast to increase in 2022



Fertilizer and feed are expected to see largest dollar increases.

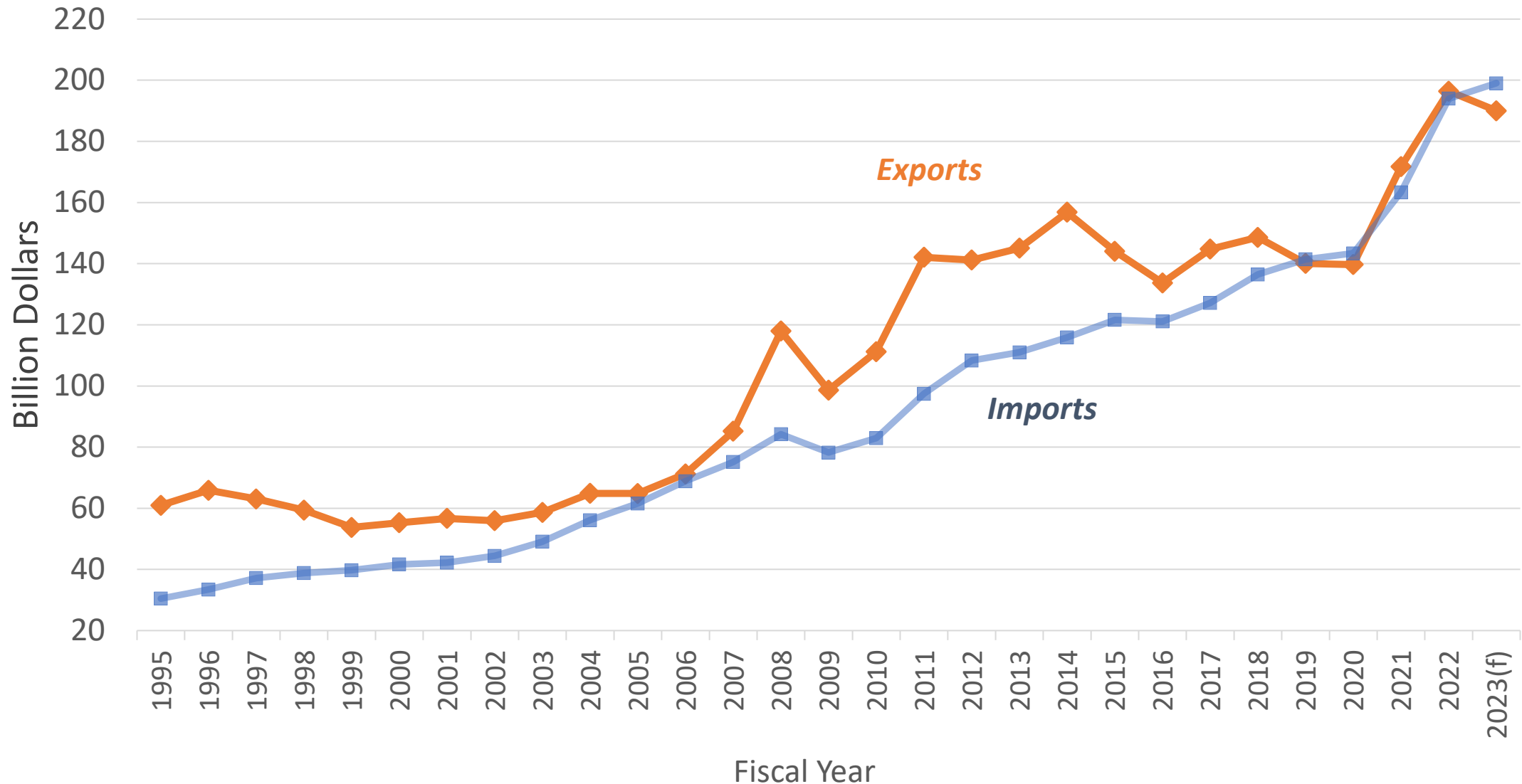
F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

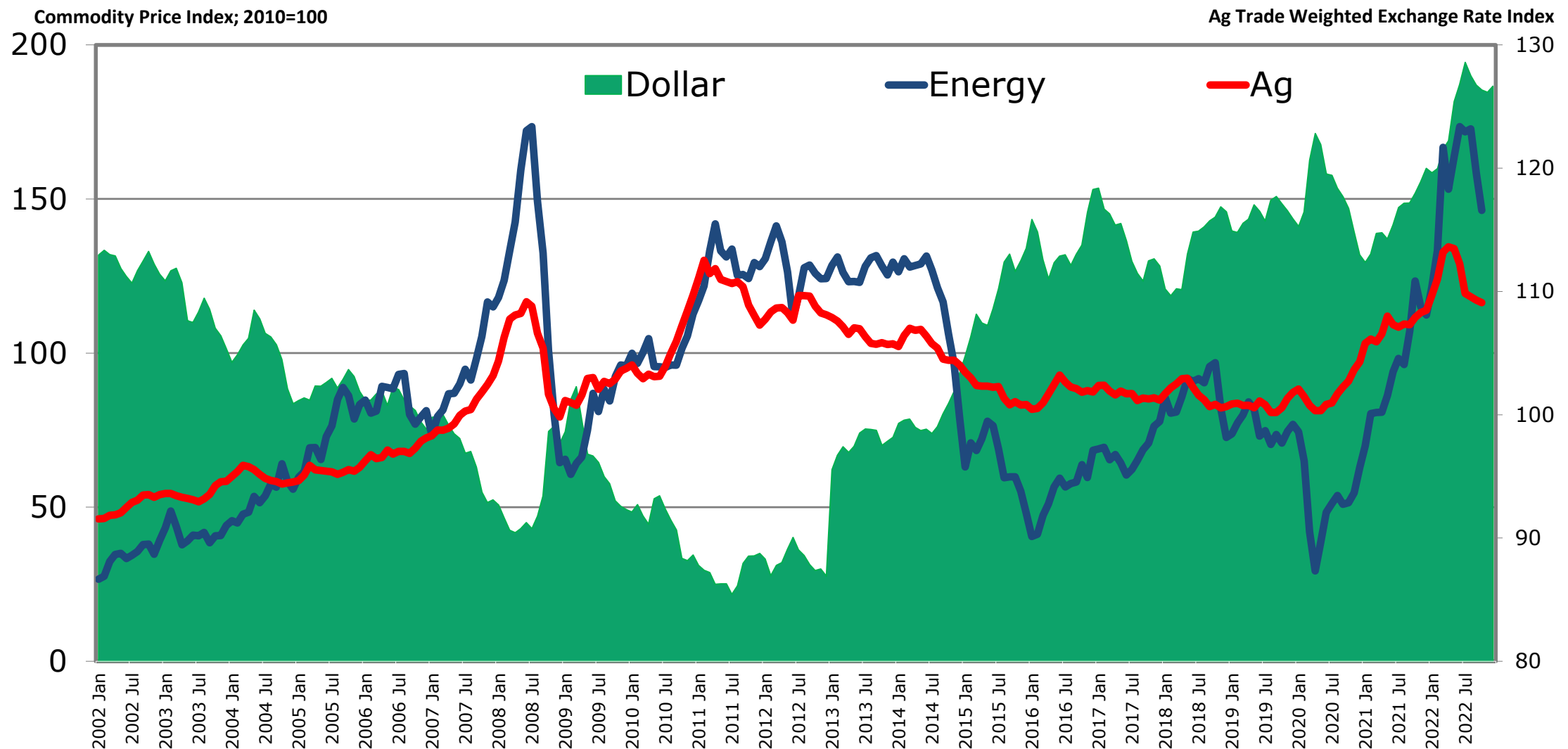
Data as of Decemeber1, 2022

U.S. Agricultural Trade Situation

Exports at \$190.0 Billion; Imports at \$199.0 Billion

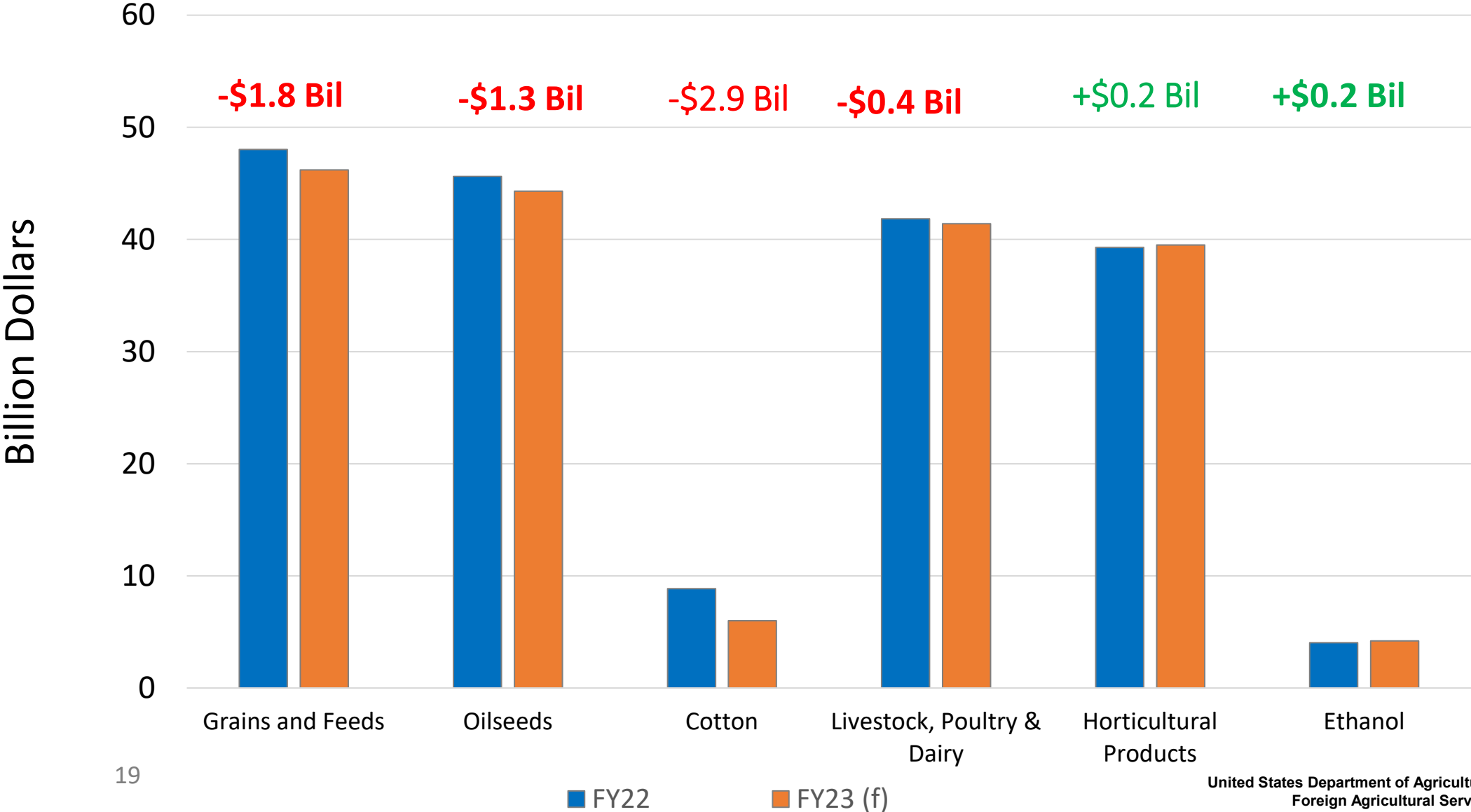


Strength of the Dollar and Commodity Prices

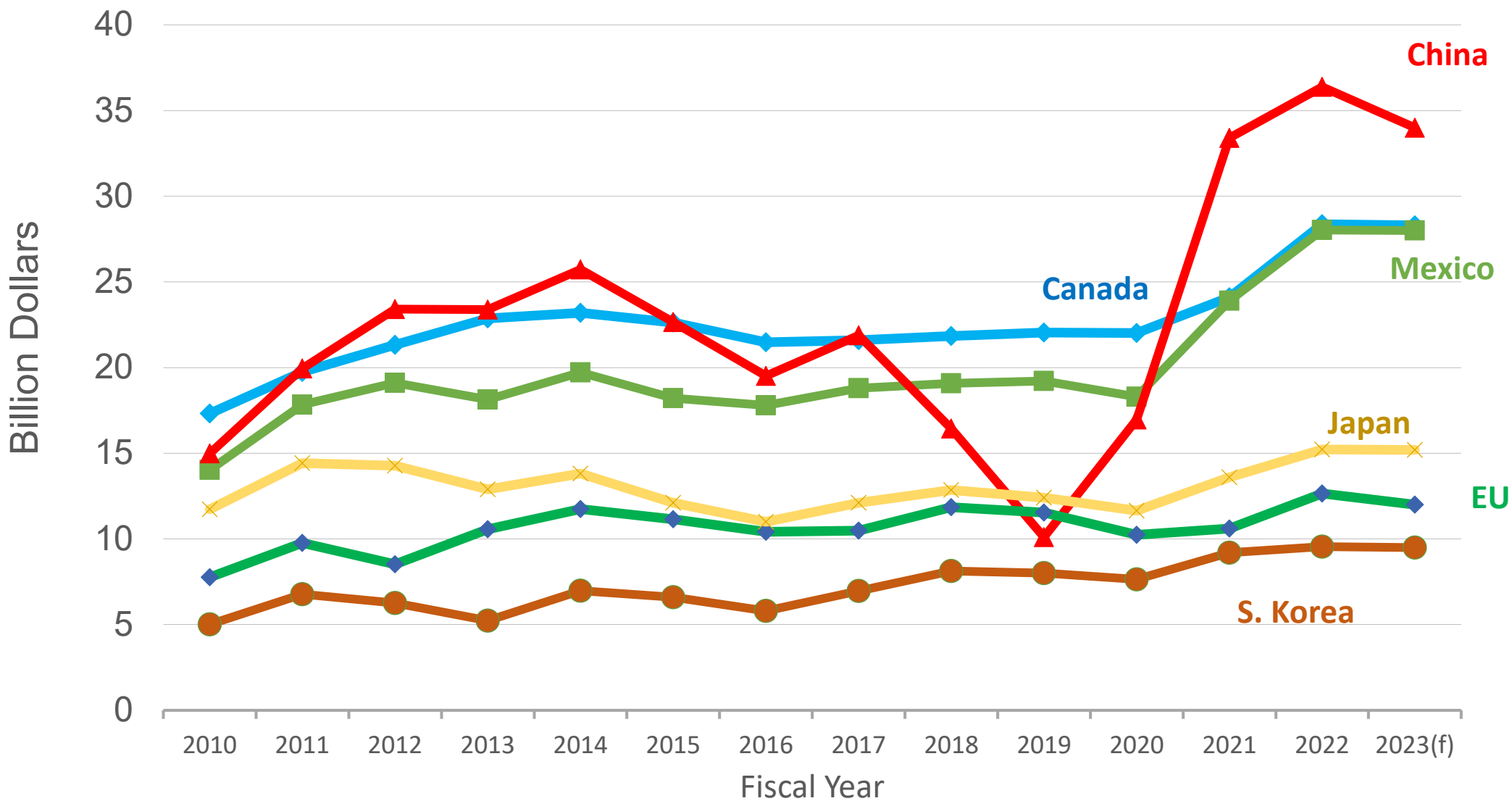


Source: Commodity Price Indices: World Bank; Exchange rate: USDA ERS

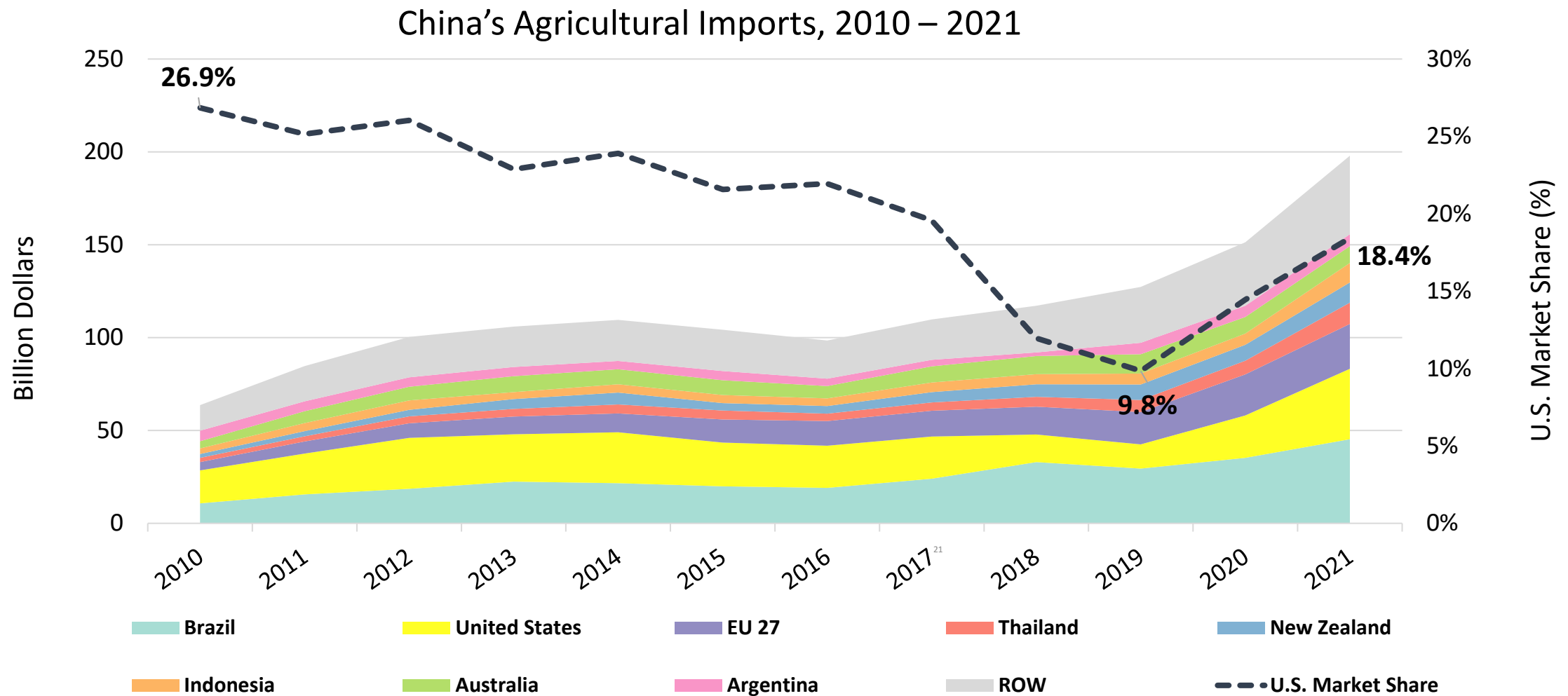
Ag Exports: FY 23 vs. FY 22



Top U.S. Ag Markets

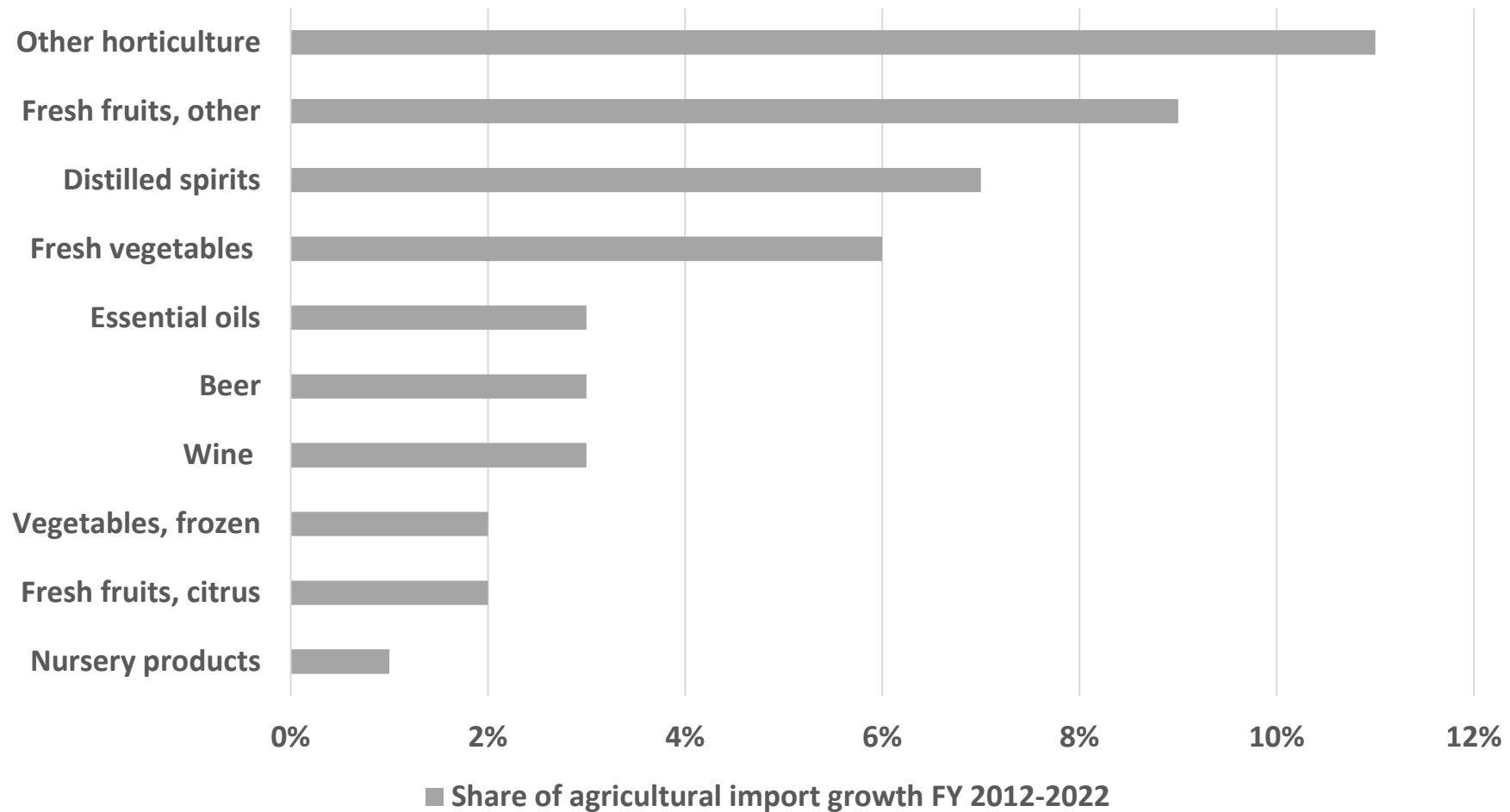


U.S. Market Share in China



Source: Trade Data Monitor LLC

Top contributors to import value growth



Indonesia Export Restrictions led to Un-milled Palm Fruit



December 9, 2022

Palm Oil Yields Decline Rapidly After Harvest

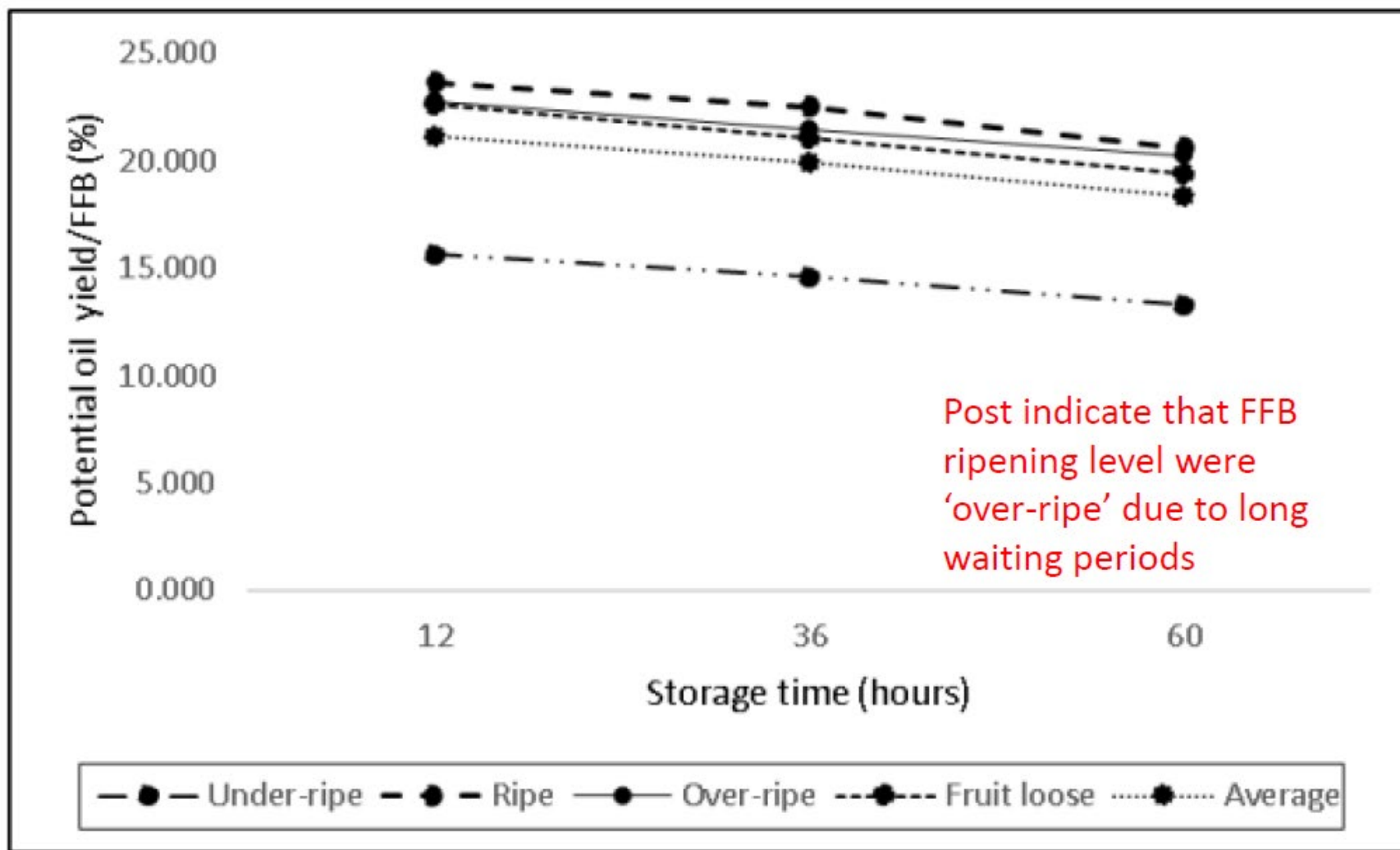
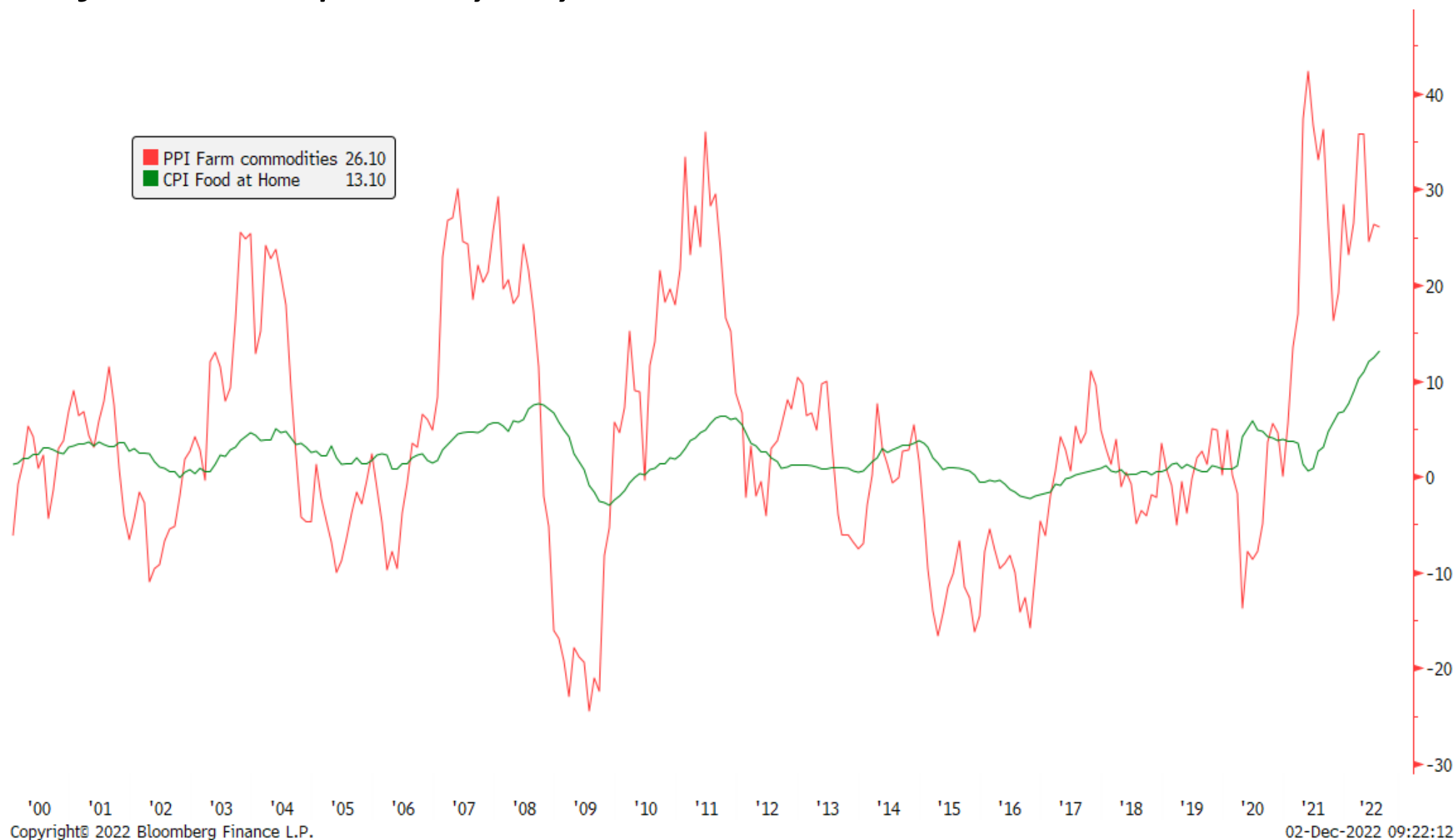


Figure 1. Relationship between potential oil yields based on the percentage of FFB at the ripening level and storage time of FFB.

Farmgate prices are far more volatile than food

Farmgate prices vs food retail prices, y-o-y %

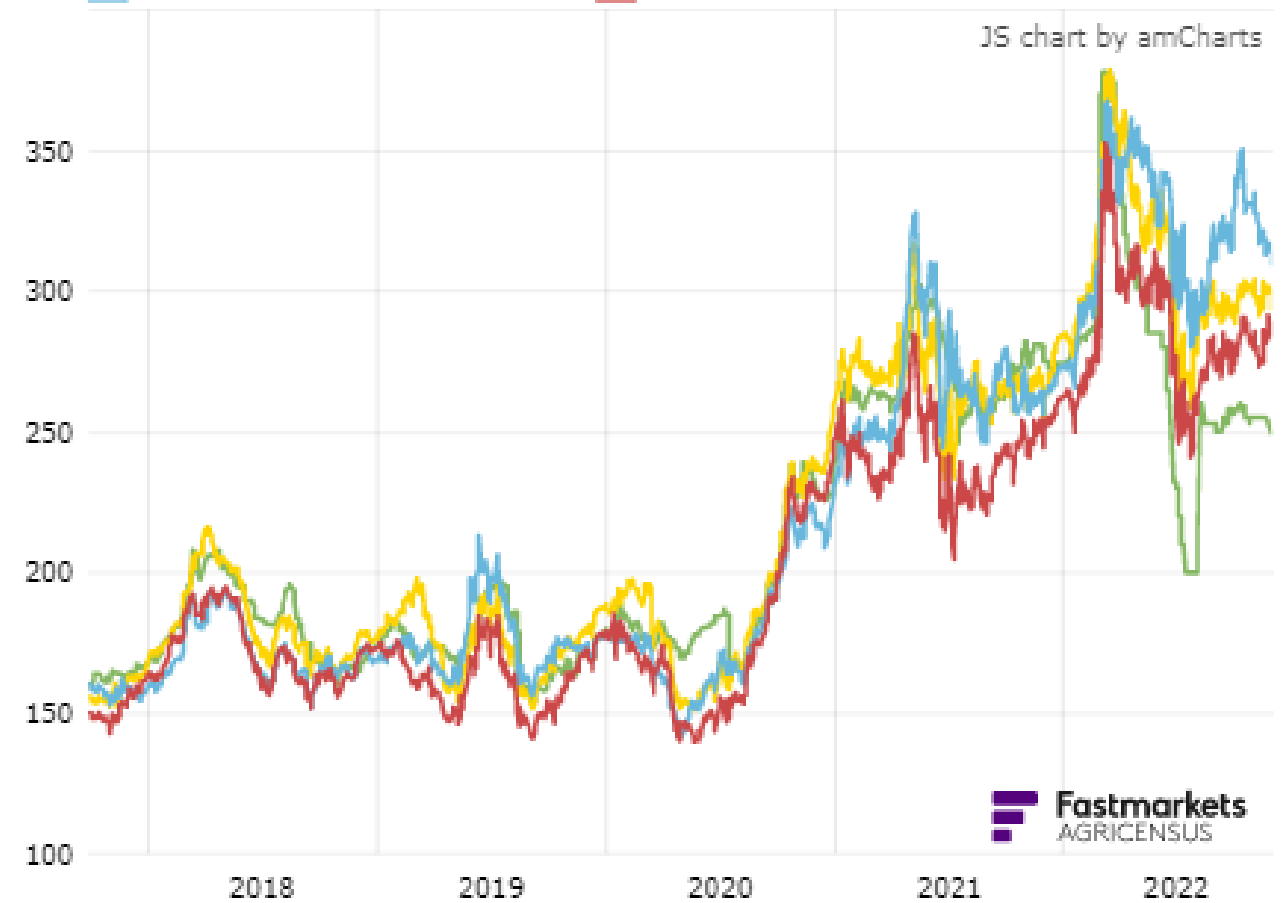
2021 Food dollar: Marketing bill (nominal)



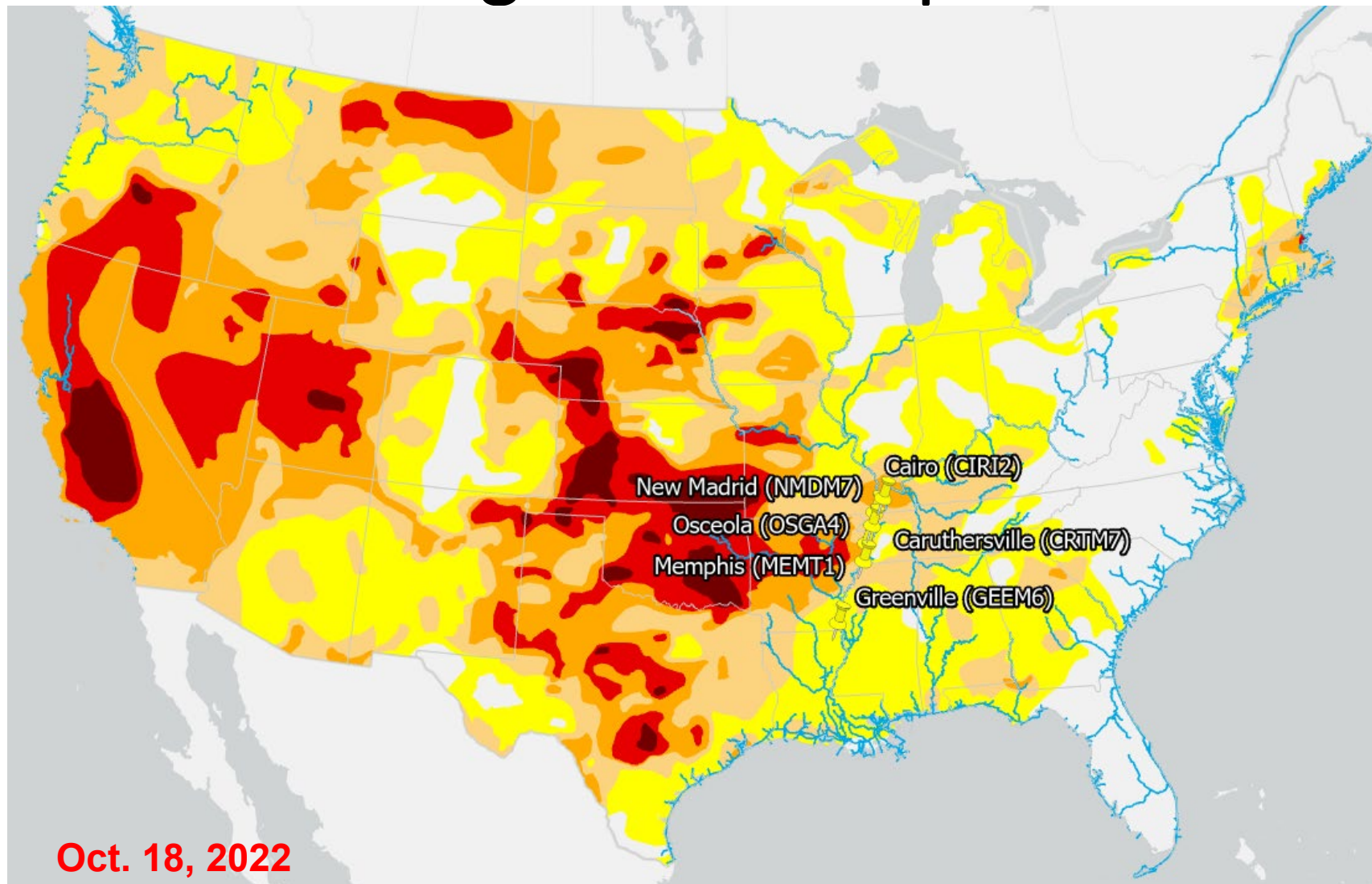
Wheat FOB Russia 11.5% \$/mt 311.00
Wheat FOB Ukraine 11.5% \$/mt 286.00
Wheat FOB France 11.5% \$/mt 338.50
Wheat FOB US Gulf HRW 11% \$/mt 392.75



Corn FOB Ukraine HIPP \$/mt 249.00
Corn FOB Brazil \$/mt 293.00
Corn FOB US Gulf \$/mt 308.75
Corn FOB Argentina \$/mt 283.25

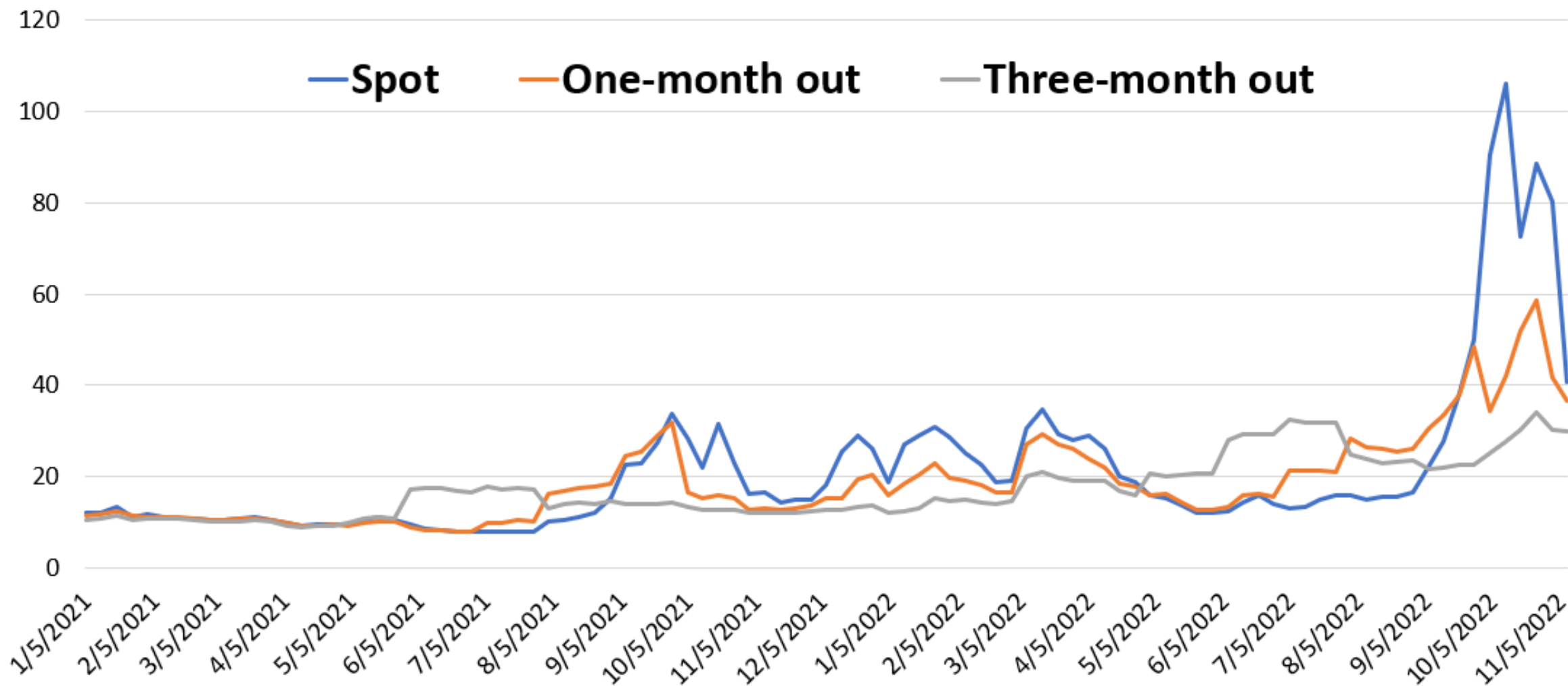


Record Low Water Levels Along the Mississippi, A key route for US agricultural exports



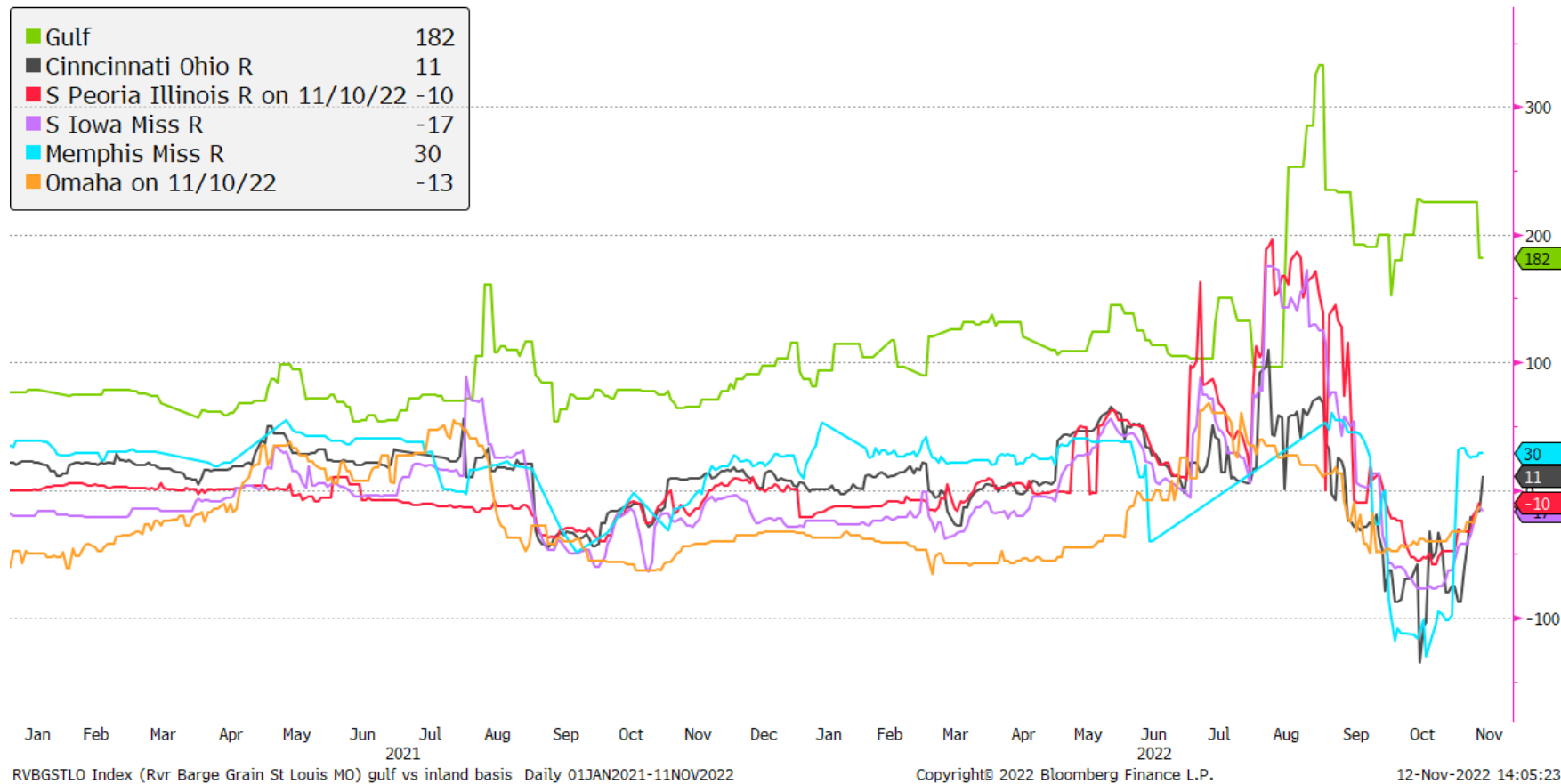
Mississippi Barge rates have pulled back last week from record highs

Mississippi Barge Rates (St. Louis), \$/MT



Soybean basis in interior markets have deteriorated; gulf basis premiums surge

Soybean basis, cents/bushel

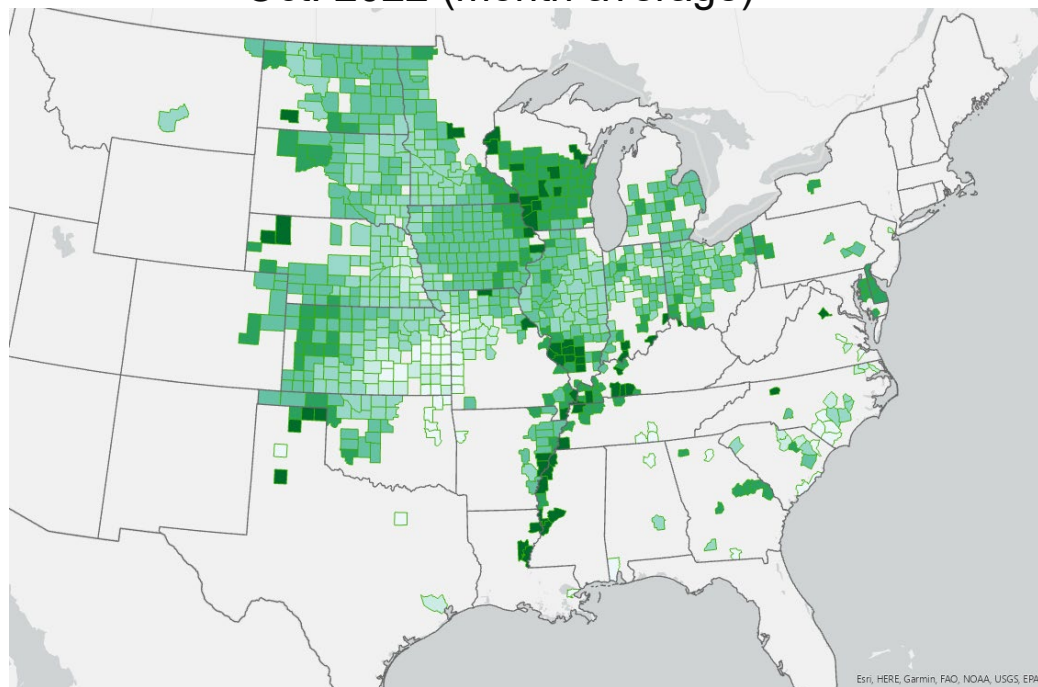


Basis = average soybean price – Gulf export price, cents/bu

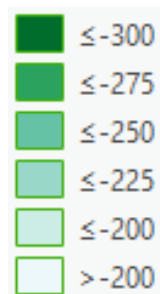
Interior soybean prices suffering severe discount relative to Gulf; however, basis has improved through November

Difference between Gulf Price and Inland Price

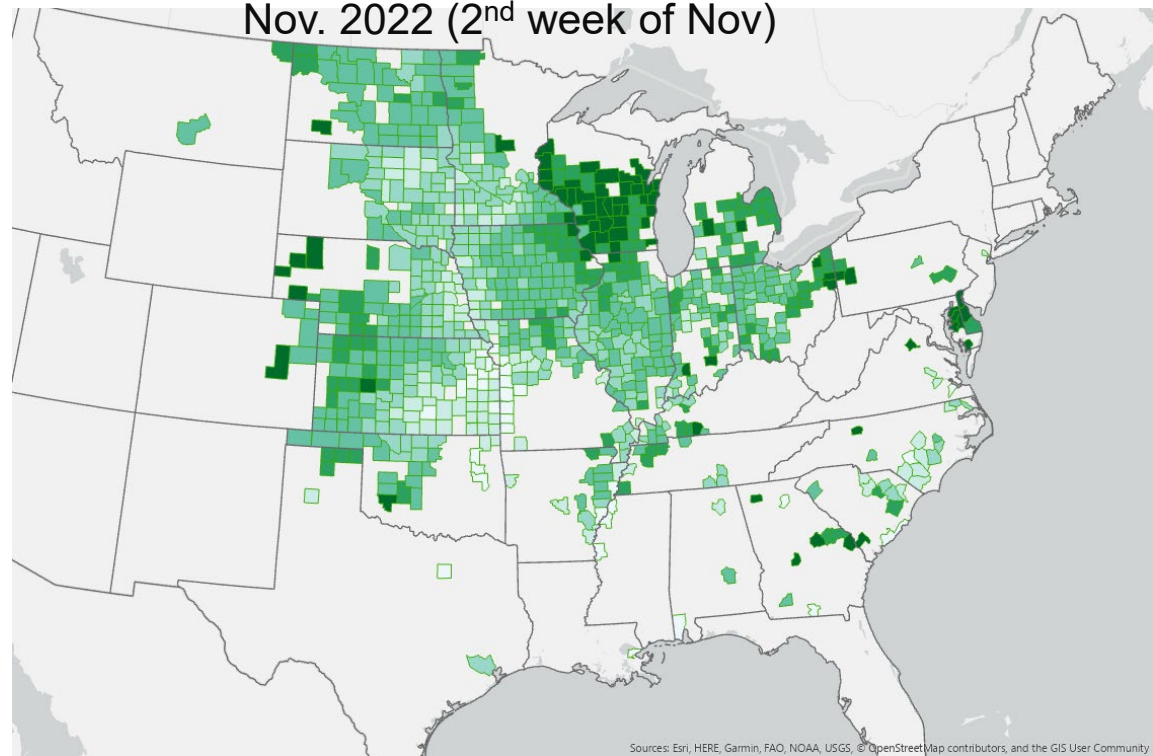
Oct. 2022 (month average)



Soybean
Price difference
(cents)



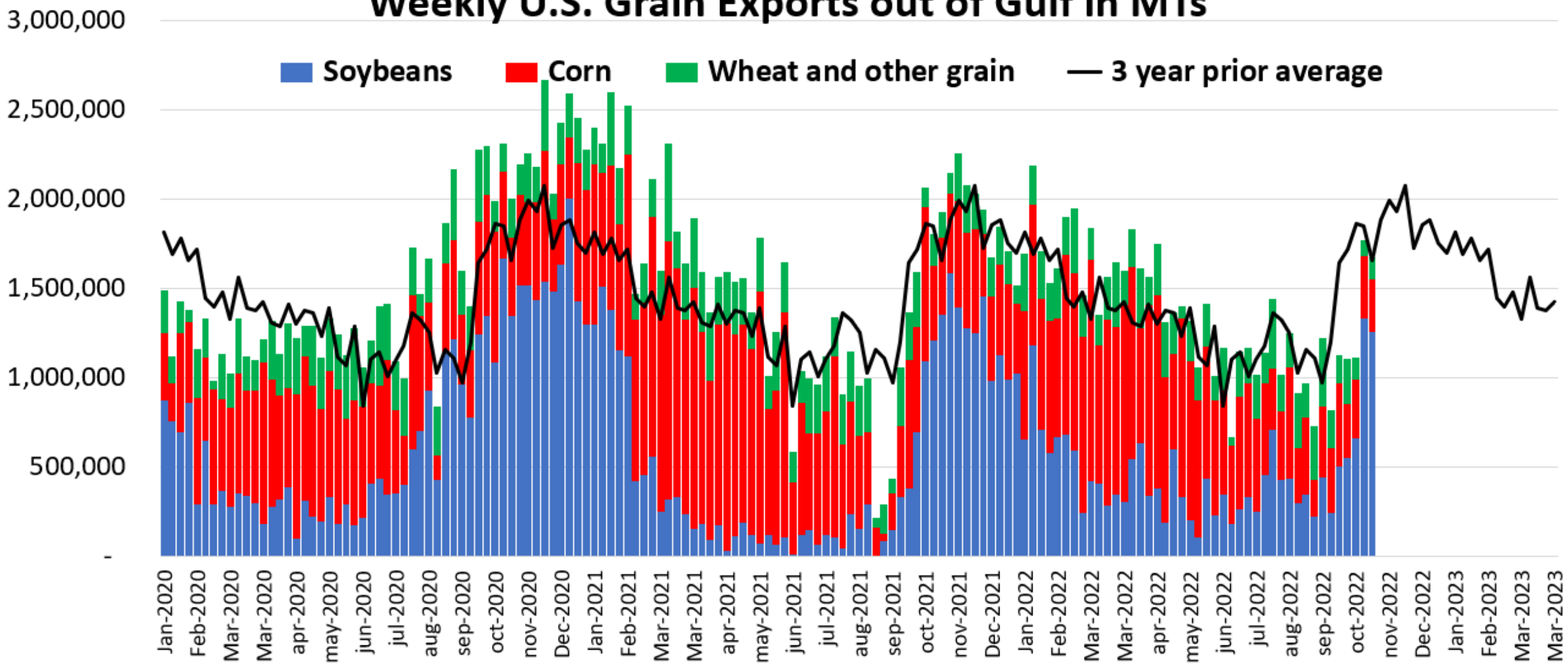
Nov. 2022 (2nd week of Nov)



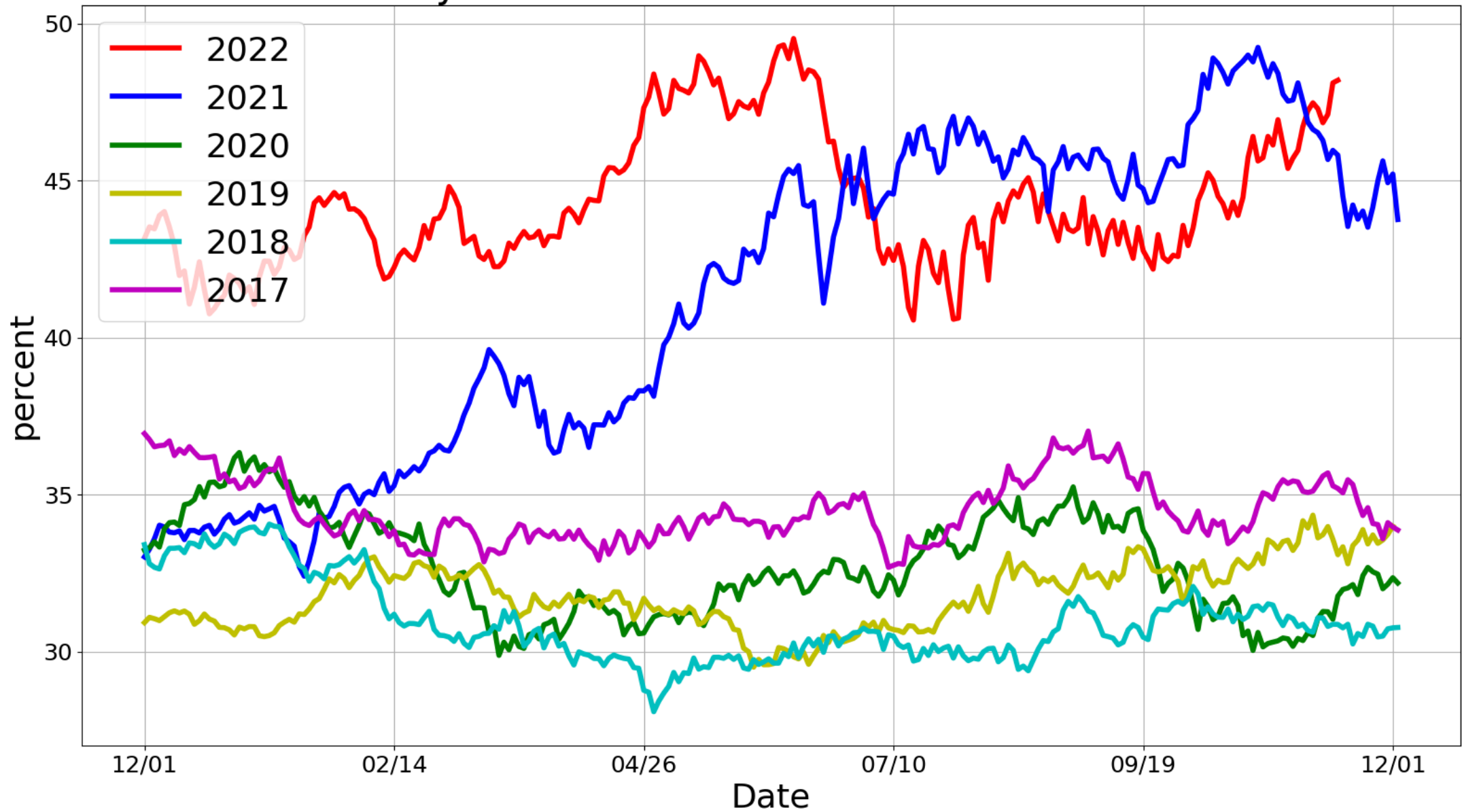
Sources: Esri, HERE, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

Slower pace of grain exports shipped out the gulf; critical time of year for soybean shipments

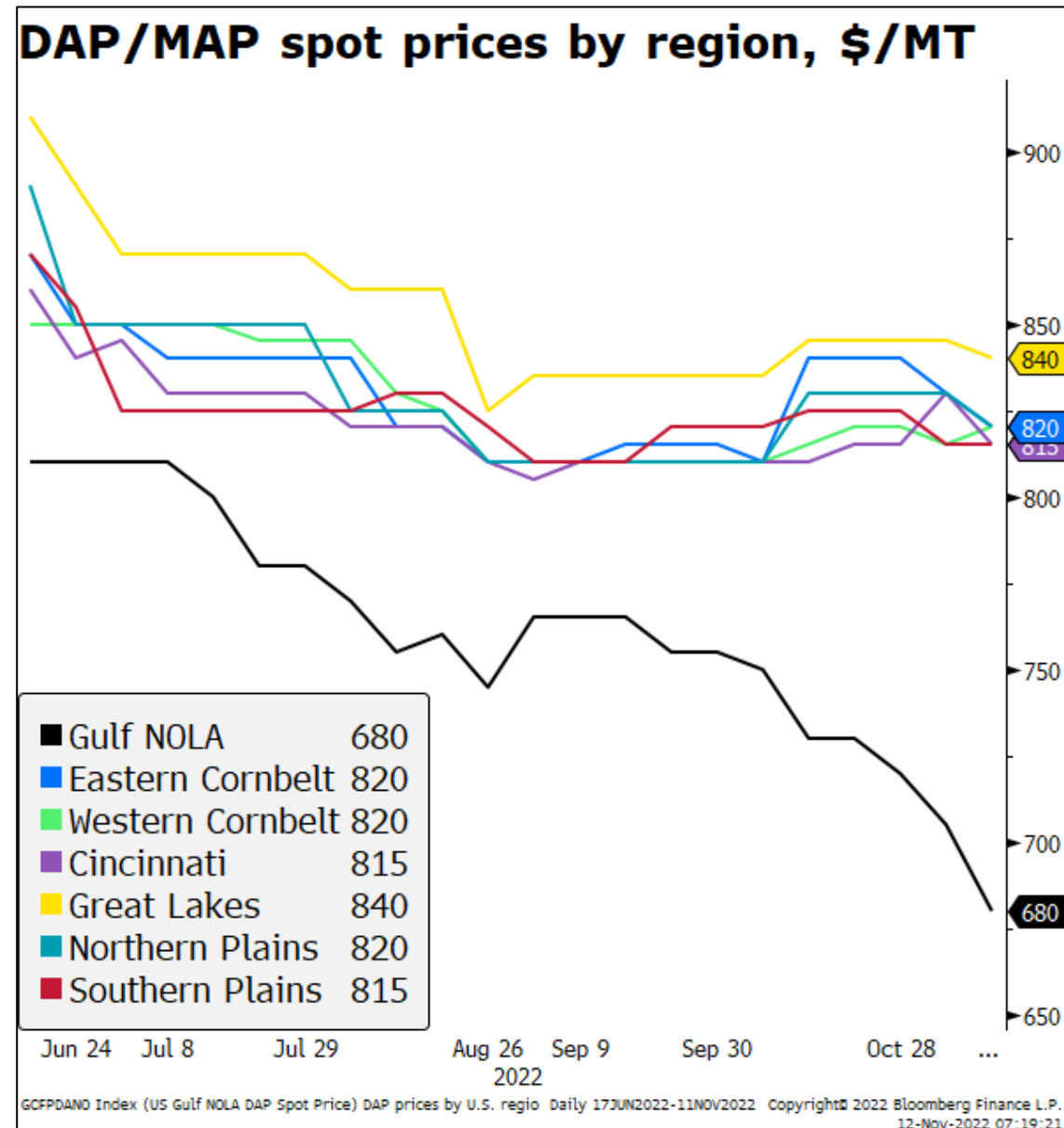
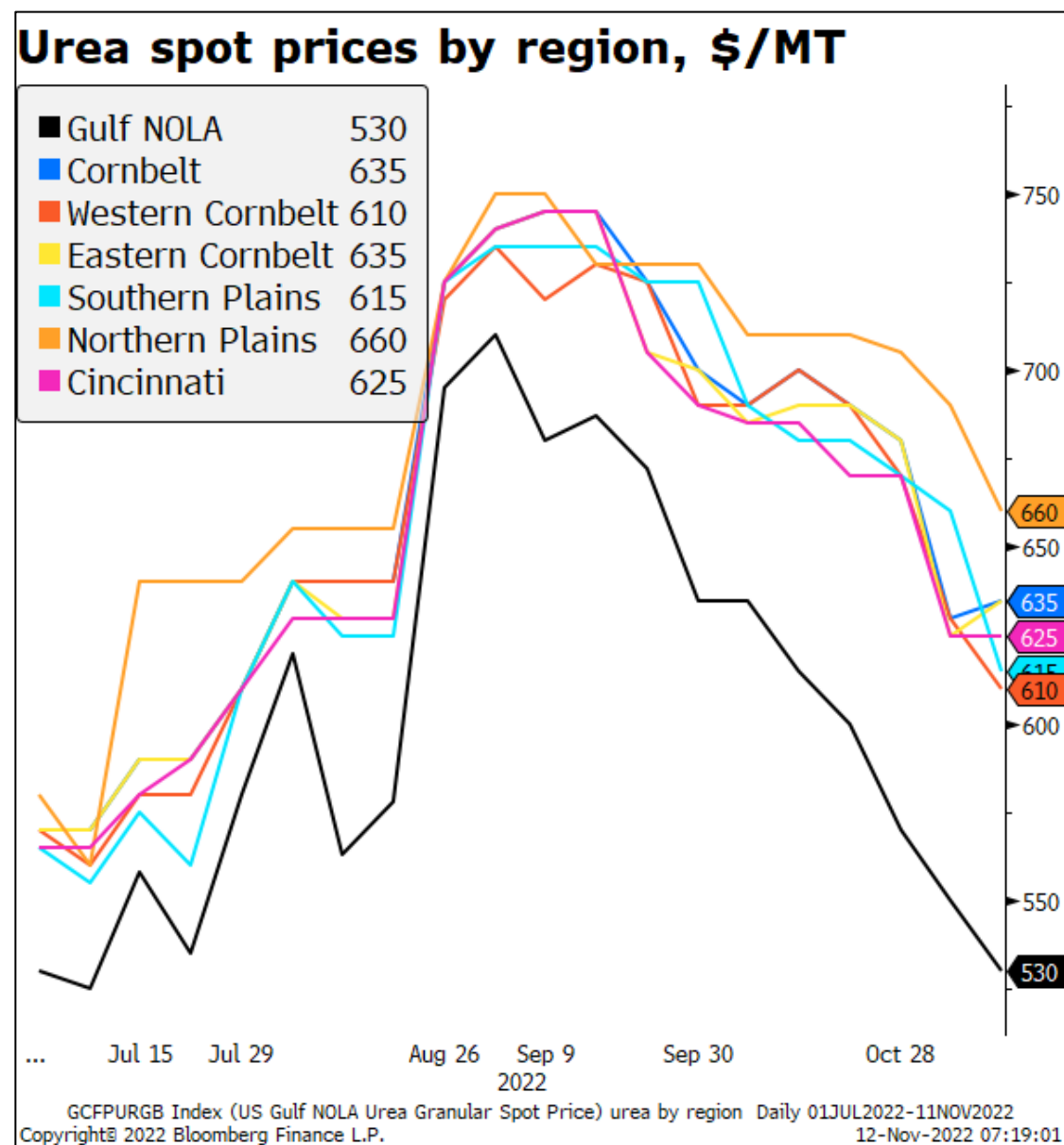
Weekly U.S. Grain Exports out of Gulf in MTs



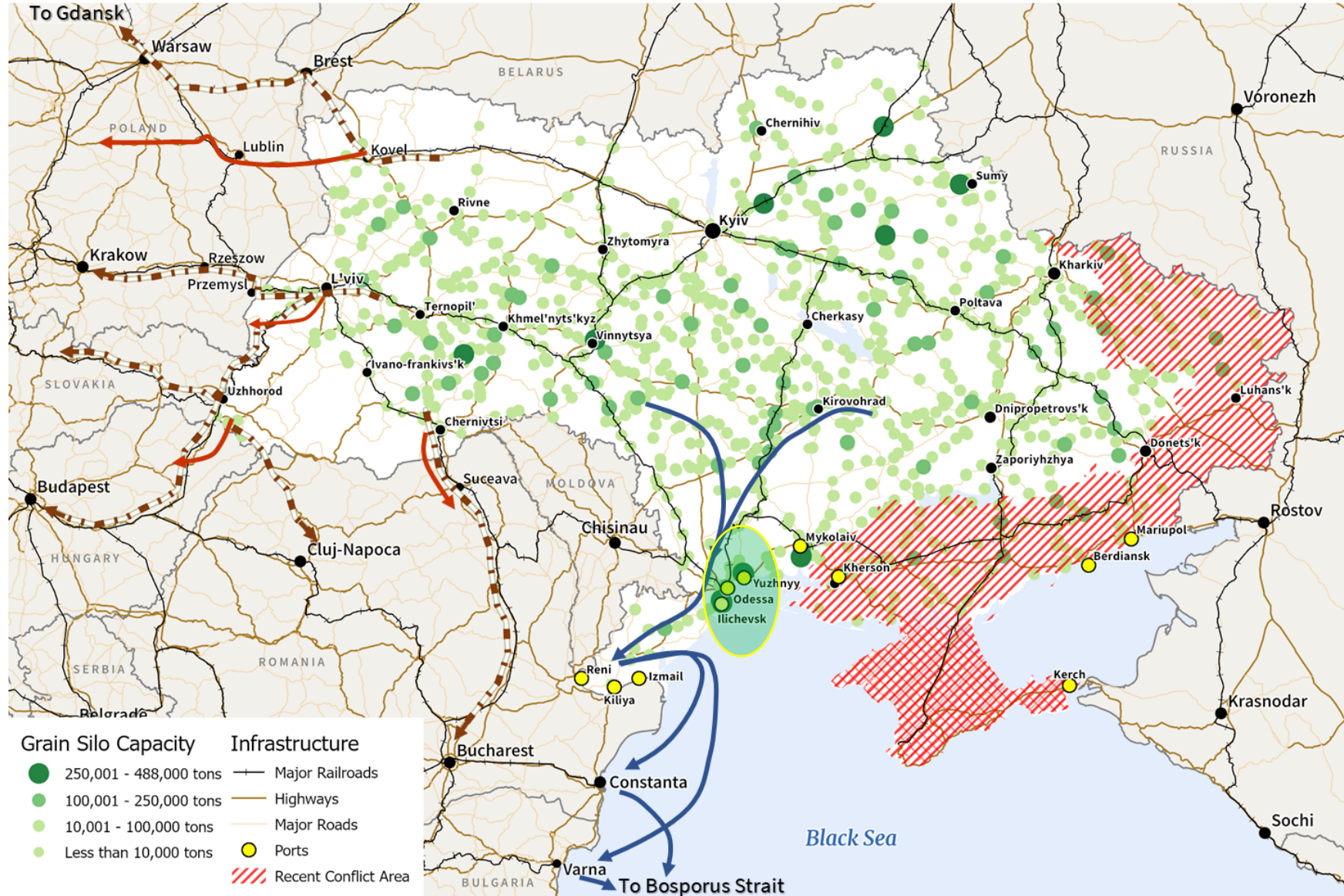
Soybean Oil Share of U.S. Futures Value



Inland fertilizer prices selling at a widening premium relative to gulf

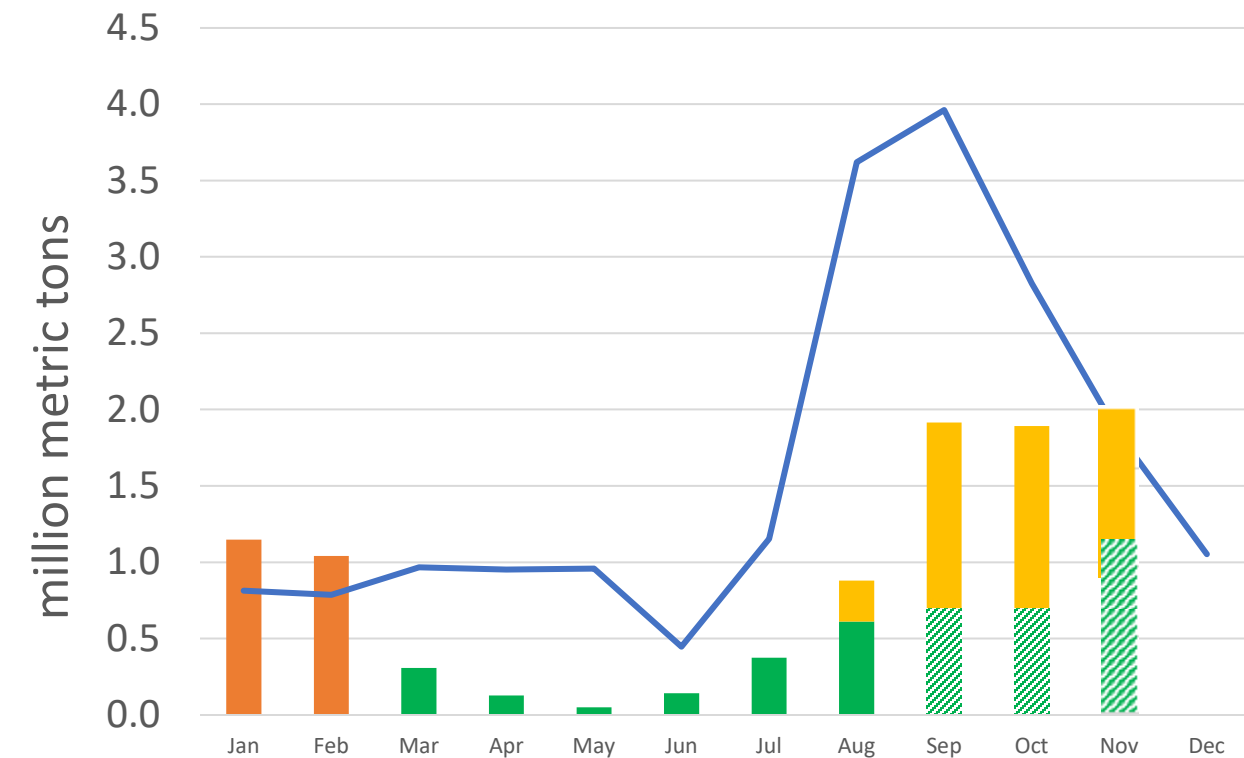


Ukraine: Export Routes for Agricultural Products



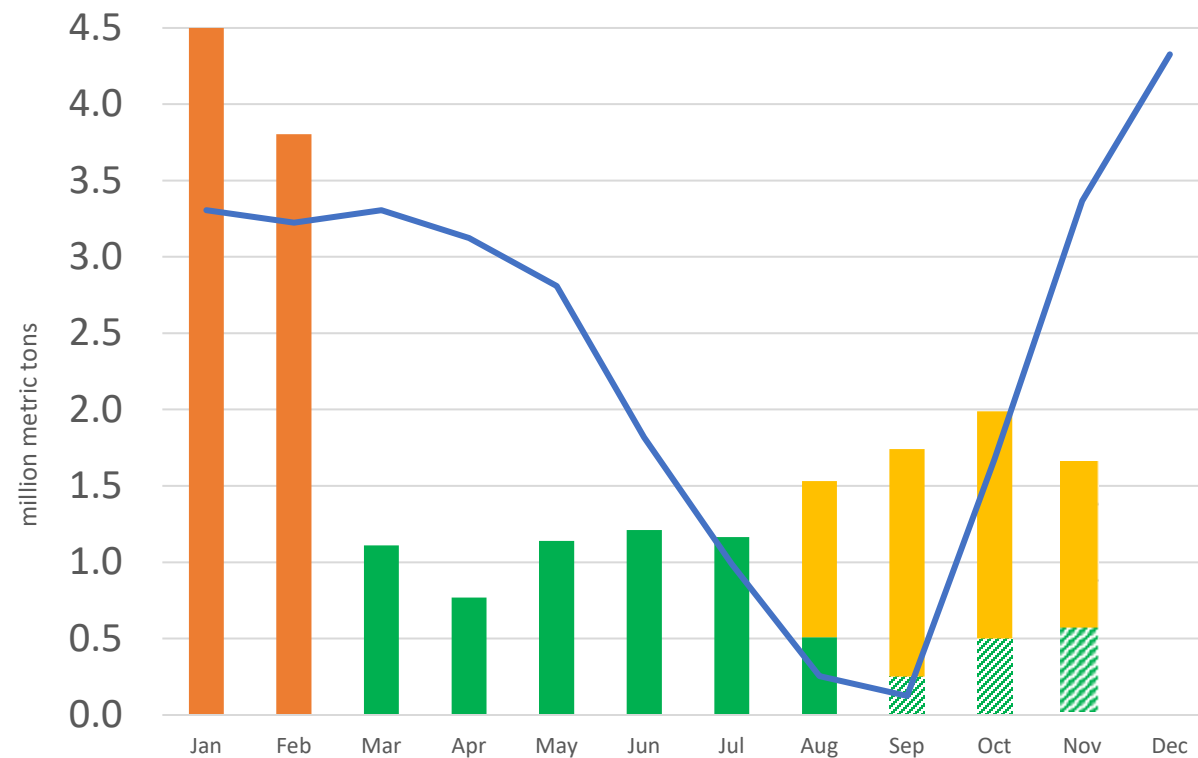
Ukraine pace of exports

Wheat



- 2022 Port shipments under UN Black Sea Grain Initiative
- 2022 Alternative routes
- 2022 pre-War
- 2019-2021 avg

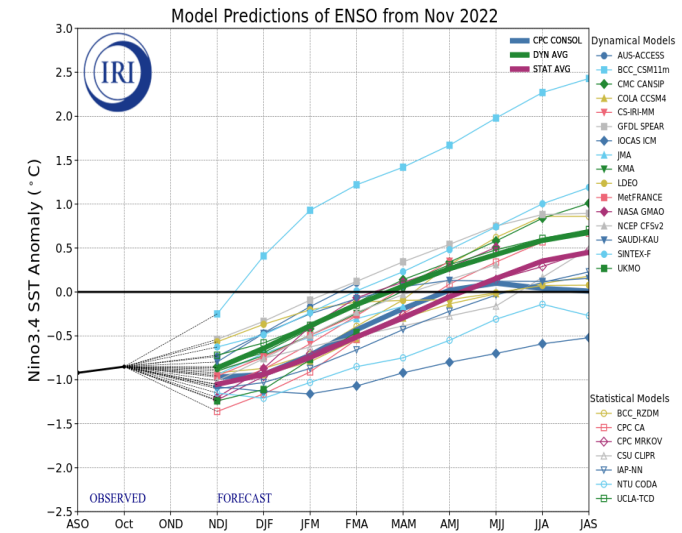
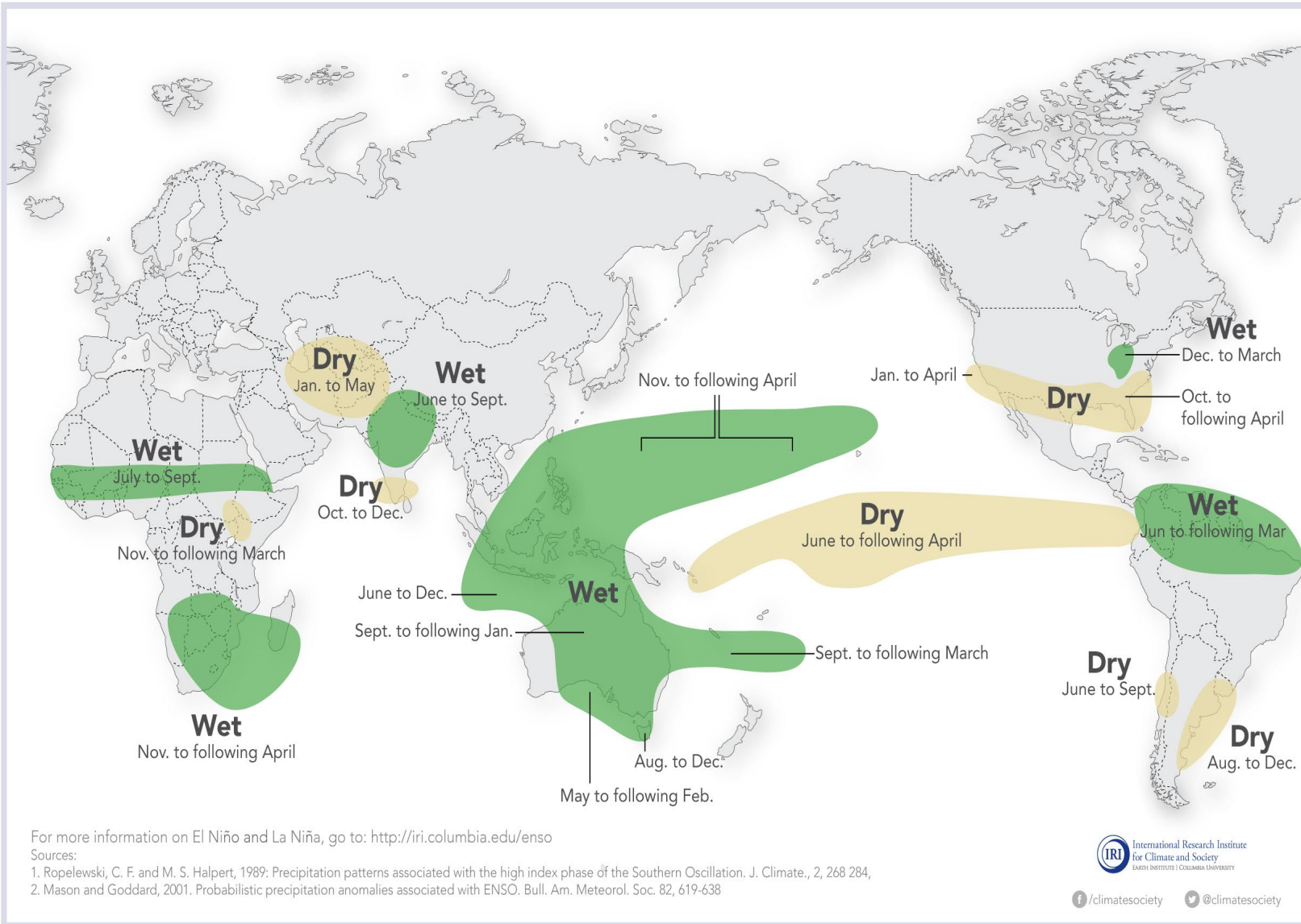
Corn



- 2022 Port shipments under UN Black Sea Grain Initiative
- 2022 Alternative routes
- 2022 pre-War
- 2019-2021 avg

La Niña and Rainfall

La Niña conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one La Niña to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.

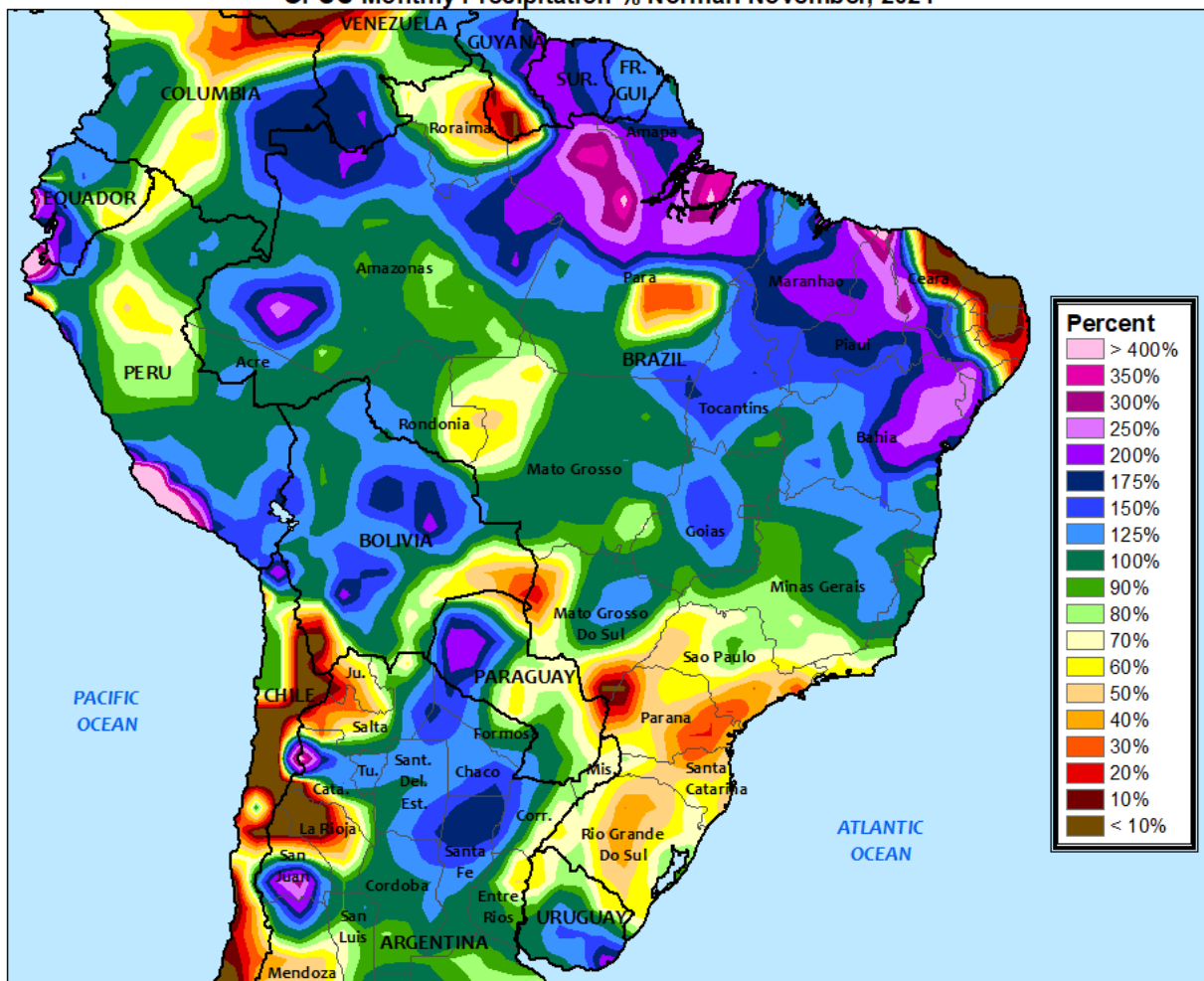


Prior 3-Year La Niñas:
1998-2001
1973-1976

LAST YEAR: Percent of Normal Precipitation (%)

November 2021

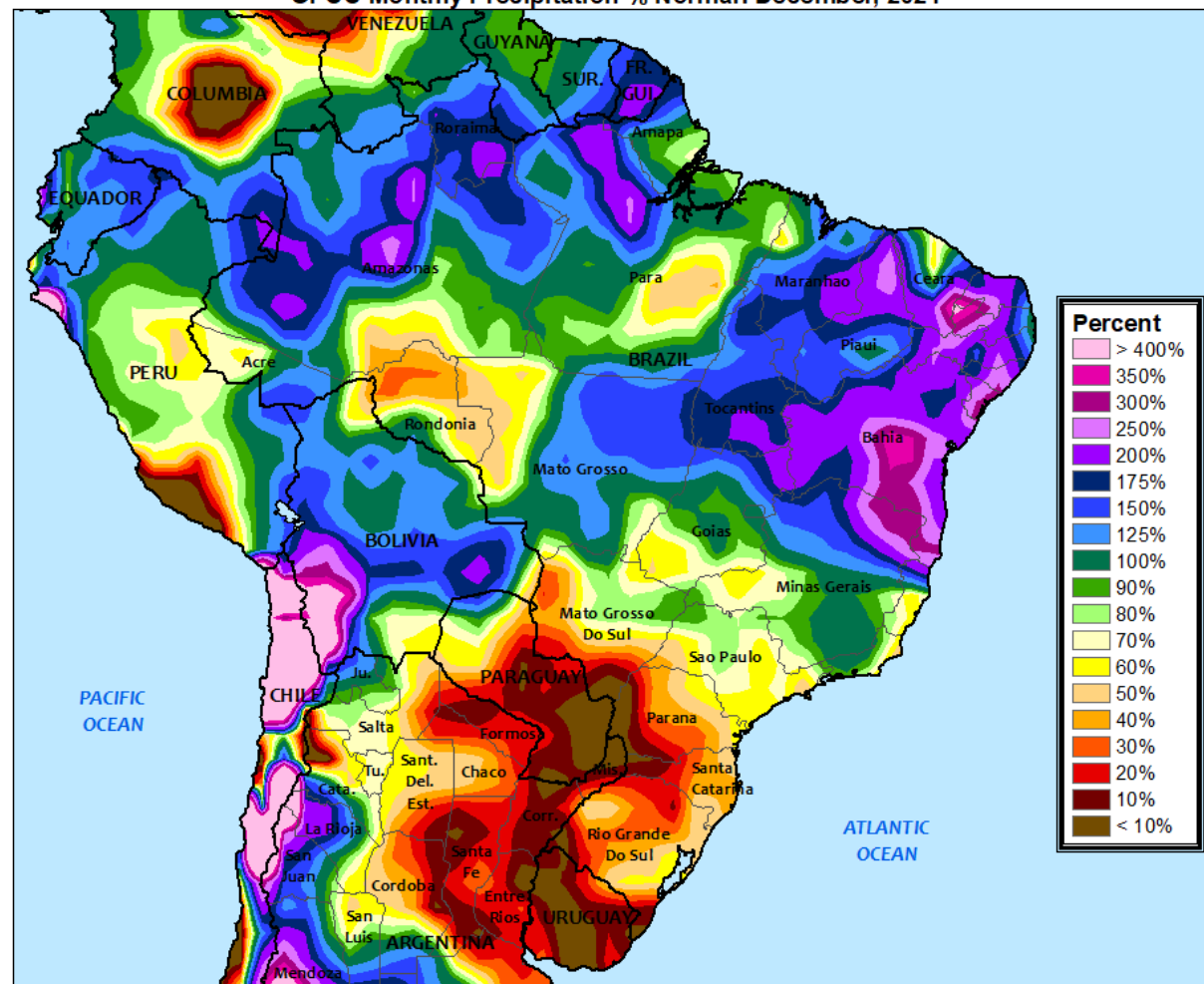
GPCC Monthly Precipitation % Normal: November, 2021



Data Source: NOAA/NWS/CPC (World Meteorological Organization)

December 2021

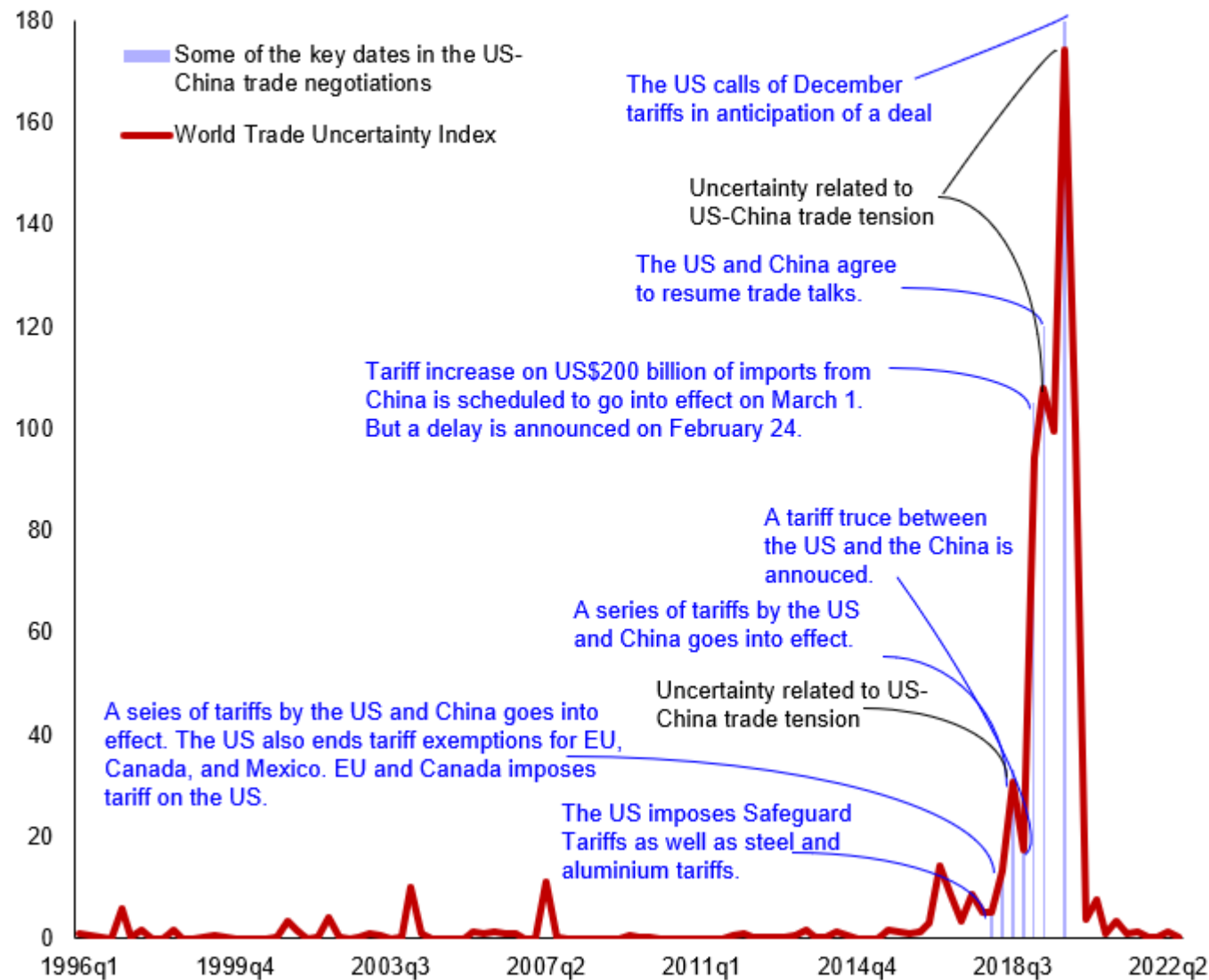
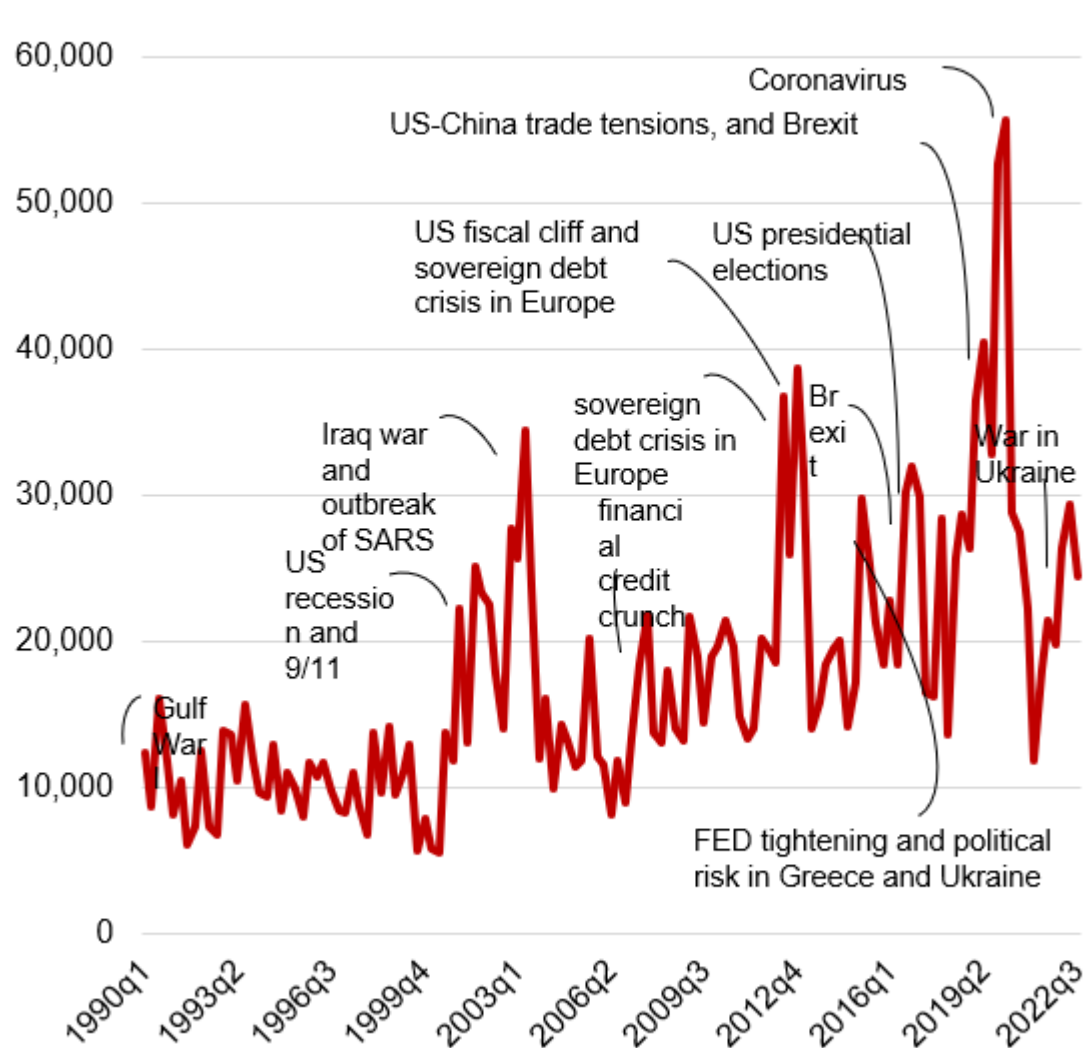
GPCC Monthly Precipitation % Normal: December, 2021

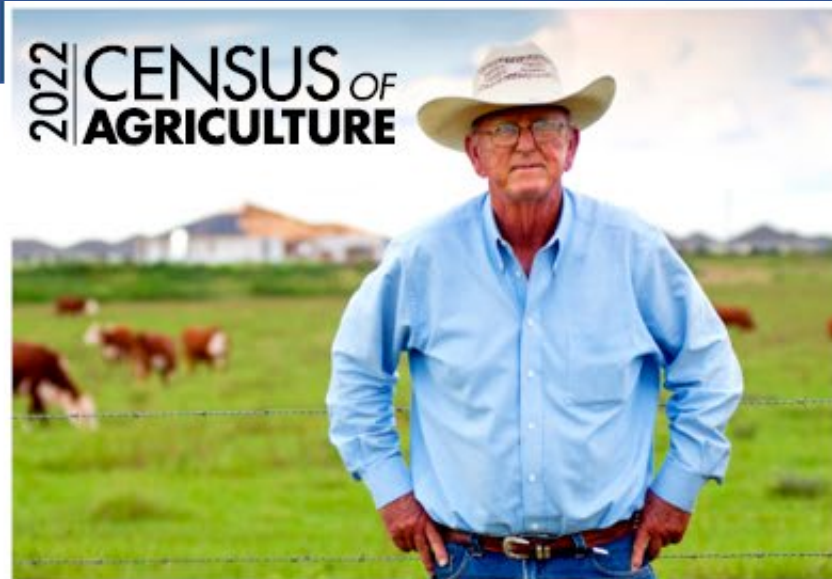


Data Source: NOAA/NWS/CPC (World Meteorological Organization)

Uncertainty, World economy and Trade

Ahir, H, N Bloom, and D Furceri (2022), "World Uncertainty Index", NBER Working Paper.






RESPOND NOW



United States Department of Agriculture
National Agricultural Statistics Service

agcounts.usda.gov




U.S. DEPARTMENT OF AGRICULTURE

Hybrid Event

USDA's 99th Annual

Agricultural Outlook Forum




February 23-24, 2023

<https://www.usda.gov/oce/ag-outlook-forum>

So where are we at?

- Global balance sheets for corn and wheat are likely to remain tight through 2022/23.
- Rice markets have more recently been drawn into the volatility
- While global soybean stocks are likely to increase (with a 'normal' South American crop, US crush demand is robust
- With tight supplies, economic uncertainty, and a more dynamic war in Ukraine, output and input prices are experiencing volatility, making producer margins uncertain.



United States Department of Agriculture

Office of the Chief Economist

World Agricultural Supply and Demand Estimates

Published by the World Agricultural Outlook Board

WHEAT: U.S. wheat ending stocks for 2016/17 are raised 30 million bushels on lower feed and residual use which more than offsets a slight import reduction. At 1,150 million bushels, ending stocks are projected to reach a near 30-year high. Feed and residual use is lowered 30 million bushels to 140 million which reflects lower-than-expected disappearance for the December-February and September-November quarters, as indicated by March 1 and revised December 1 stocks from the March 31 Grain Stocks report. The import change is based on the pace to date with reductions for soft red winter and durum.

Global 2016/17 wheat supplies are raised 1.7 million tons due to higher projected beginning stocks and a 0.3-million-ton increase in production. The change to beginning stocks stems from a 1.4-million-ton reduction in 2015/16 domestic consumption, primarily in the EU. World exports are lowered 0.3 million tons led by 0.5-million-ton decreases each for Australia, Canada, Kazakhstan, and Russia. Partially offsetting are higher projected exports for the EU and Ukraine. Total global consumption for 2016/17 is lowered 0.6 million tons to 740.8 million with a 0.5-million-ton decrease in the United States, more than offsetting a small net increase for foreign countries. With supplies rising and use declining, global ending stocks are raised 2.3 million tons to 252.3 million.

COARSE GRAINS: This month's 2016/17 U.S. corn outlook is far increased, corn used to produce ethanol, reduced feed and residual use and unchanged ending stocks. Corn used to produce ethanol is raised 50 million bushels to 5,450 million, based on the most recent data from the Grain Cushings and Co-Products Production report which indicated the amount of corn used to produce ethanol to be record high during December-February. The pace of weekly ethanol production, using March as indicated by Energy Information Administration data, has also been above expectations. Offsetting is a 50 million bushel reduction in projected feed and residual use to 5,200 million bushels based on disappearance indicated during the first half of the marketing year in the March 31 Grain Stocks. With offsetting usage changes, ending stocks are unchanged from last month. The season-average corn price received by producers is unchanged at the midpoint with the range narrowed to \$3.25 to \$3.55 per bushel.

Global coarse grain production for 2016/17 is forecast 4.4 million tons higher than last month to 3,240.1 million. This month's foreign coarse grain outlook is for increased production, consumption, trade, and stocks relative to last month. Brazil corn

Volume 104, No. 15

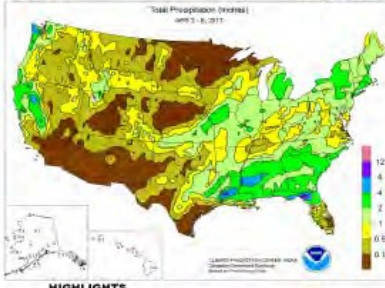
<http://www.usda.gov/oc/bulletin>

April 11, 2017

WEEKLY WEATHER AND CROP BULLETIN

U.S. DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Weather Service

U.S. DEPARTMENT OF AGRICULTURE
National Agricultural Statistics Service
and World Agricultural Outlook Board



HIGHLIGHTS
April 2 - 8, 2017

Contents

- Crop Moisture Maps
- Temperature Departure Map
- Climate Moisture & Precipitation Map
- April's Drought Monitor Color Temperature Map
- Current Weather Data for Selected Cities
- North America and Crop Moisture
- World Precipitation & Temperature Maps
- World Weather Data for Selected Cities
- Global Agricultural Summary
- Crop Progress and Condition
- Global Weather and Crop Outlook
- Global Production & Stocks
- U.S. Crop Production Highlights